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A Brief History of Farmers Home Administration

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

In 1988, The Farmers Home Administration (FmHA) reached new heights in service to rural America. The agency's basic credit programs for farms, housing, rural businesses and community facilities were complemented by special efforts for farmers stricken by drought, by renewed emphasis on rural development, and by a major effort to implement the Agricultural Credit Act of 1987.

When America's farmers were hit by the worst drought since the Depression era FmHA responded with a full package of farm credit assistance, including low-interest emergency farm loans. The agency designated 1,489 counties eligible for emergency loans. In its farm programs, FmHA made or guaranteed over 37,700 loans totaling $2.3 billion to farmers who could not otherwise obtain credit from commercial lenders. There were 12,295 guaranteed loans for nearly $1.3 billion, accounting for 55 percent of the agency's farm loans in 1988.

In special efforts to keep farmers on their land, FmHA provided servicing measures to 51,337 borrowers, reaching nearly one of every five FmHA farm borrowers. Without this "last resort" assistance, few of those farms could have continued in operation. Instead, more than 98 percent were able to stay in farming in 1988.

County and district office staffs continued to work with rural residents to provide housing assistance, making more than 35,508 single family housing loans to low-income rural families for nearly $1.3 billion and 722 loans totaling $555 million for rural rental housing.

In keeping with USDA's rural development initiatives, FmHA implemented new regulations for its Business and Industrial (B&I) Loan program to focus on smaller enterprises that provide more jobs in rural areas. In 1988, FmHA guaranteed 85 B&I loans for $95.4 million which created or saved more than 6,000 off-farm jobs. FmHA also made 1,224 loans and grants for $545.4 million for water and sewer systems and other essential community facilities.

In the largest regulation-writing effort ever undertaken by the agency, FmHA completed regulations to implement the complicated Agricultural Credit Act of 1987, providing for additional servicing tools to help keep delinquent farmers on their farms.

Service to rural America has always been the hallmark of the Farmers Home Administration. In county, district, and State offices, loan officers work face-to-face with rural residents to provide financial assistance and in the National Office in Washington, D.C., employees work diligently to translate the Nation's laws into workable programs. The goal of the Farmers Home Administration and the goal of Congress have always been the same--to serve farmers and other residents of rural America. I believe we are meeting this goal, as will be evidenced in this report.

NEAL SOX JOHNSON,
Acting Administrator

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Revised February 1989

A BRIEF HISTORY OF FARMERS HOME ADMINISTRATION

Farmers Home Administration (FmHA) is the credit agency for agriculture and rural development in the U.S. Department of Agriculture (USDA). In 1988, the agency marked 53 years of financial and technical assistance to rural America. This service has been performed under the successive names of Resettlement Administration, Farm Security Administration, and Farmers Home Administration.

When it began in 1935, the agency's original function was to make loans and grants to Depression-stricken families and help them regain self-sufficiency in making their living on family farms. For 53 years, FmHA has been concerned primarily with credit and counseling services that have supplemented resources of the private sector for building strong family farms. In 1988, farm credit still accounted for almost one-half of all resources administered by FmHA.

During the last two decades, Congress created additional nonfarm programs to benefit families and communities in rural areas. These programs have helped to provide safe, modest housing; modern, sanitary water and sewer systems; essential community facilities; and job- and economy-boosting business and industry in rural areas. These are reflected in the current mission statement which directs FmHA to "serve as a temporary source of supervised credit and technical support for rural Americans for improving their farming enterprises, housing conditions, community facilities, and other business endeavors until they are able to qualify for private sector resources."

FmHA has been a leading force in spreading the outreach of nongovernmental lending institutions into rural sectors that lacked access to such financial resources. In 1987 the agency completed a nationwide automation project which makes available the efficiency and convenience of computerized farm management and financial. planning to all borrowers and applicants.

Over the years, FmHA has developed a credit system that reaches the county level. The agency has approximately 11,400 permanent full-time employees who serve rural America from 46 State offices, 266 district offices, and 1,907 county offices, plus the National Office in Washington, D.C. Service is provided in every rural county or parish in the 50 States, plus the Pacific Trust Territory, American Samoa, Guam, Puerto Rico, and the Virgin Islands. FmHA's network of offices enables it to maintain a close, one-on-one relationship with its borrowers.

FmHA's existing system of personal contact across the country has established it as a lead agency for rural development. Congress and the Administration continually recognize FmHA's long experience in serving rural communities and farm families and have over the years expanded old services and created new ones.

FmHA loans and grants supplement the amount of credit and capital directly available from commercial lenders in rural areas. In most programs, the agency makes loans to qualified applicants who can find no other sources of financing available on terms or conditions they can meet.

The money loaned by FmHA comes from collections on previous loans, or from private investors through sale of Government securities. In guaranteed loan making, funds are supplied directly to borrowers by commercial lehders, with FmHA minimizing the lender's risk.

Grants for rural water and waste disposal systems, farm labor housing, home repair for low-income elderly people, and "self-help" homebuilding by low-income families supplement the agency's rural lending program.

EARLY CREDIT HISTORY

On July 17, 1916, President Woodrow Wilson signed the Federal Farm Loan Act and marked the beginning of Federal involvement with agricultural credit. The act created the Federal land banks and the joint stock land banks which were designed to provide farmers with a dependable source of long-term credit at low interest.

Emergency crop and seed loans were provided by Congress through the Secretary of Agriculture from 1918 through 1931. These "feed, seed, and fertilizer" loans were made to assist farmers in designated areas that had suffered unusual hardships, such as droughts and floods, and who could not obtain credit elsewhere. In 1931, these loans were available on a nationwide basis. They usually were limited to *$400,* with the average loan being $125.

The Reconstruction Finance Corporation (RFC) was established January 22, 1932, and began operation on February 2, 1932. It was charged with meeting emergency credit situations throughout the economy, helping maintain economic stability, and assisting in promoting maximum employment and production. It provided the funds to organize 12 Regional Agricultural Credit Corporations (RACC) through which operating loans were available to farmers, particularly ranchers, with no other sources of credit.

In the fall of 1932, when Franklin D. Roosevelt was elected President, the need for rural credit was one of the country's major problems. As in the rest of the country, rural banks were closing, farm prices were at an all-time low, unemployed city dwellers were going "back home" to the farms, and sources of credit had evaporated. Angry and threatening mobs of farmers at frequent tax and foreclosure sales were common occurrences.

When Roosevelt was inaugurated on March *4*, 1933, he began to implement the Federal Government's attempts to provide agricultural assistance. On March 27, 1933, he issued an Executive Order to be effective May 27, establishing and consolidating within the Farm Credit System, all the functions, powers, and funds of existing Federal agricultural credit agencies.

These included the Federal land banks, Federal land bank associations, the joint stock land banks, the Federal intermediate credit banks, the 12 RACC's from the Reconstruction Finance Corporation, and the crop and seed loans from USDA. The Governor of the Farm Credit Administration could authorize larger loans under the Emergency Crop and Feed Loan program (as it was known in March 1933) to farmers in distressed areas as determined by the Secretary of Agriculture. The Farm Credit System also would include funds for the Secretary of Agriculture to invest in agricultural credit corporations and livestock loan companies, which Congress hoped farmers would use to support organizations that could discount notes with the Federal intermediate credit banks.

By May 12, 1933, Roosevelt had signed the Farm Credit Act of 1933, rounding out the permanent group of banks and associations that make up much of the same cooperative Farm Credit System of today. This act established the production credit corporations, one in each of the 12 Federal land bank districts, to organize, finance and supervise the authorized local production credit associations (PCA's). The act also established 12 district banks for cooperatives, plus the Central Bank for Cooperatives in Washington, D.C.

On May 12, 19.33, Roosevelt also signed the Federal Emergency Relief Act, which is considered the "unofficial" origin of FmHA because of its roots in the rural rehabilitation efforts authorized by the act.

As a result of the Farm Credit Act, the PCA's assumed the functions of the 12 RACC's in 1933, and by the end of 1934, about 30 percent of their loans had been taken over. The RACC's continued for a time to finance some special loans the PCA's could not handle, and in 1943, loans were made for production of food and fiber needed for World War 11.

The Rural Rehabilitation Division, functioning under the Federal Emergency Relief Administration, was organized in April 1934 by authority of the Federal Emergency Relief Act of 1933. However, the rural rehabilitation agency had no basic laws to govern its actions. It was headed by Rexford Tugwell, remembered for his unusual projects such as several low-rent "greentowns" on the far outskirts of a few cities, and government loan programs for smaller farmers--programs that .typically involved getting the borrowers to agree to operate their farms under new farming plans drawn up by the county rural rehabilitation representative.

Rural rehabilitation corporations were established in about 40 States to make loans to destitute farm families to enable them to remain on the land, continue their farming operations, and reduce the number of people on the relief rolls.

This approach to farm lending was quite different from that of the Farm Credit System's "business" type loans that were dependent for their financing largely on the sale of their securities to investors without any government guarantee.

In those early days, the differences in philosophies of the two agricultural lending organizations were pronounced. At one point in the early 1930's it was suggested that the Rural Rehabilitation Division should be incorporated into the Farm Credit System. In the early 1940's there were suggestions that all or part of the Farm Credit System might be taken over by the successor to the rural rehabilitation agency, the Farm Security Administration. In 1947, a bill was introduced in Congress which would have combined the Farm Security Administration and Farm Credit System into a new agricultural credit agency. This proposal died in the Senate. Eventually Congress enacted a law to govern the Farm Security Administration which placed some limits on its activities.

After the establishment of the Farmers Home Administration in 1946, much of the talk of merger and takeovers subsided, along with criticism from Congress and farm groups.

RESETTLEMENT ADMINISTRATION

The "official" lineage of FmHA goes back to April 30, 1935, when President Franklin D. Roosevelt signed Executive Order 7027, creating the Resettlement Administration as an independent agency. On June 19, 1935, the Administrator of the Federal Emergency Relief Administration ordered the depression-era programs and functions of the Rural Rehabilitation Division to be transferred to the new agency. On January 1, 1937, all powers and duties vested in the Resettlement Administration were formally assigned to the Secretary of Agriculture.

During its 2-year existence, the Resettlement Administration offered various approaches to solving the problems of poor people and poor land, the most popular of which was the supervised loan program. These loans were part of a Governmentwide effort to help needy rural people reestablish themselves on a self-supporting basis.

The Resettlement Administration made more than 300,000 short-term loans, often supplemented by grants to low-income farm families. Each loan was based on a farm and home management plan worked out by county, farm, and home supervisors in cooperation with the borrowing family. The plans were designed to ensure the use of good farming practices and to fit the needs of the families taking part in the program.

By 1937, there was a growing conviction in USDA and in Congress that supervised credit as pioneered by the Resettlement Administration was the answer to a worsening national problem of hardship and failures among tenant farmers. The scope of loan assistance was broadened on July 22, 1937, with the passage of the Bankhead-Jones Farm Tenant Act which authorized tenant farmers to obtain loans to purchase farms of their own. In 1937, 40 percent of U.S. farms were operated by tenants and sharecroppers who, because of their uncertain farming tenure, rarely made improvements in land or buildings, nor did their landlords.

The Resettlement Administration was given the responsibility for the new program of supervised farm ownership loans with 40-year terms for farmers who lacked other sources of credit for buying their own land and for farm and home improvement. County committees were set up to select borrowers and approve loans. The tenant purchase loans never reached a high level in the volume of dollars involved or families aided. The program, however, attracted a great deal of attention as it represented the realization of the American dream of people with almost no resources being able to become landowners.

Also enacted in 1937 was the Water Facilities Act to provide loans for individuals and association farm water systems in 17 Western States where drought and water shortage were familiar hardships. The Resettlement Administration shared servicing responsibilities of the program with the Soil Conservation Service and the Bureau of Agricultural Economics. This act was the forerunner of the rural water programs now administered by FmHA.

FARM SECURITY ADMINISTRATION

On September 1, 1937, the Fann Security Administration (FSA) was created as successor to the

Resettlement Administration. All functions, funds, personnel, and properties were transferred to the new agency. Its primary responsibilities were to make farm rehabilitation and farm ownership loans to farmers unable to borrow from usual sources of credit.

For the ensuing 9 years, FSA carried on supervised credit programs with farm and home counseling by county office staffs, including home economists. The success of a large percentage of these borrowers helped strengthen family farm agriculture and helped the Nation meet its awesome food-producing challenges in World War II. By 1941, FSA had made more than 13,000 loans to tenant families for the purchase of farms.

FSA also carried on Resettlement-oriented projects to establish new farms and communities, services in group medical. care, agricultural cooperatives, migratory labor camps, and other social and economic programs.

In 1942, FSA was given full responsibility for the water facilities program in the 17 Western States.

FARMERS HOME ADMINISTRATION

By 1946, it was generally conceded both in and out of Congress and within the agency itself that a restructuring of FSA was necessary. Some old Resettlement programs were no longer justified, others could be improved, and new programs would be needed in the period following World War 11.

Accordingly, on August 14, 1946, Congress passed the Farmers Home Administration Act. This measure, which took effect in 1947, reconstituted FSA under the new name Farmers Home Administration.

The Farmers Home Administration consolidated programs of FSA and the Emergency Crop and Feed Loan program of the Farm Credit Administration.

The Farmers Home Administration Act *also* gave the agency new authority to insure loans made by banks, other agencies, and private individuals, as well as to make direct Government loans. The act ended Rural Rehabilitation loans as federally administered programs. Over 3 million loans, totaling more than $1 billion, had been made since 1935 by the Resettlement and Farm Security Administrations.

In its first 3 years, the Farmers Home Administration confined *its* operations to development of supervised farm ownership and farm operating loan programs, and to water facilities projects in the 17 Western States.

The agency was commonly known as "FHA" until April 1974 when USDA formally adopted **"FmHA"** as the agency's abbreviation. This was done to easily distinguish Farmers Home Administration from other agencies having the same initials, such as the Federal Housing Administration and Federal Highway Administration.

EXPANSION OF FmHA SERVICES

The first of many additions to FmHA's portfolio of services, all made available to rural. people through the well-established system of county offices, came in 1949.

On April 19, 1949, the Regional Agricultural Credit Corporations were transferred to FmHA after lending a total of $662 million. The 12 RACC's and their 21 branches were gradually consolidated into one Regional Agricultural Credit Corporation in Washington whose purpose was to handle other specialized lending programs.

The following are highlights of Congressional acts from 1949 through 1988 that have molded FmHA's wide variety of services.

Title V of the Housing Act of 1949 gave FmHA authority to make housing loans to farmers as a part of the national housing program. The major housing programs under this legislation are Section 502, single family housing; Section 504, single family housing repair and rehabilitation; Section 515, rural rental housing; Section 523, self-help technical assistance grants; Section ,523 and 524 site loans; and Section 533, preservation grants.

The Disaster Loan Act of 1949 originated special emergency farm loans for recovery from losses inflicted by natural disaster.

The Water Facilities Act was amended in 1954 to apply nation-wide, rather than limited *to* the 17 Western States, and to let farm area water systems take on nonfarm customers in rural. communities.

Rural development was given Federal program status by USDA administrative action in 1955. FmHA's first involvement was a pilot program of loans to small farmers who could not qualify for regular FmHA loans.

In 1959, FmHA began to make loans to local organizations to cover the local share of the cost of small watershed projects under Public Law 566.

Major overhauling and expansion of FmHA authorities came with passage of the Consolidated Farmers Home Administration Act of 1961. (In 1972, this title was changed to the Consolidated Farm and Rural Development Act, often referred to as the "con act.") Its principal provisions were the following:

* Raised limits on farmer loans to $60,000 for farm ownership, replacing a formula whereby each county's limit had been the average value of its family farms, and from $20,000 to $35,000 for farm operating purposes.

* Opened up the water system program to the general rural population, including incorporated towns of up to 2,500. The loan limit on a project (previously $250,000) was raised to $500,000 for a direct FmHA loan and to $1 million for an insured loan.

In 1961, Title V of the Housing Act was amended to make nonfarm rural residents eligible for FmHA's direct housing loans. These changes extended the housing program to towns of up to 2,500 population.

Still more expansion of FmHA services came in 1962. The Senior Citizens Housing Act set up loans for low-rent apartment projects designed to meet the needs of people age 62 and over. This type of housing was acutely lacking in rural communities.

Amendments to the Farmers Home Administration Act authorized loans for a shift in land use to outdoor recreational facilities built primarily to benefit rural people. The agency began to make loans to family farmers to set up farm-based recreation and other nonagricultural enterprises that would add to family income, and for association grazing ranges where family farmers and ranchers share the use of more grazing land for livestock production.

A pilot program for rural renewal, delegated to FmHA, launched experiments in several States to develop better community facilities, improve homesites and housing, and attract new industry to underdeveloped rural areas. Rural renewal was discontinued as an experimental program in 1969.

FmHA also was authorized in 1962 to make loans covering local project costs in areas designated for benefits of a resource, conservation, and development program which, like the small watershed program, is supervised by USDA's Soil Conservation Service.

The Economic Opportunity Act of 1964 established loans to low-income rural people for small farm improvements or nonfarm enterprises that would add to family income. FmHA performed the lending through its county offices with funds provided by the Office of Economic Opportunity until 1971. The agency made nearly 65,000 loans totaling $109.3 million to individuals and 1,476 loans totaling $21 million to cooperatives.

EXPANSION OF PROGRAMS TO PRESENT LEVELS

The expansion of old programs and enactment of new ones during the first 4 years of the 1960's raised FmHA's total loan and grant volume from the $300 million level of fiscal year 1960 to $7.50 million in fiscal year 1965.

In 1965, the water facilities loan program was transformed into a loan-and-grant program for both water and waste disposal systems. At the same time, rural towns up to 5,500 were made eligible to be included in FmHA-financed projects, and the limit on FmHA financing of a project was raised to $4 million.

Rural housing was changed from a program of direct loans to one of insured loans, and the population limit on towns served through FmHA was raised from 2,500 to 5,500. This opened the way for the greatly increased housing services for rural people.

In 1966, senior citizens and younger low-income families became eligible for FmHA rural housing loans or tenancy in rural rental housing.

In 1968, an addition to Title V of the Housing Act of 1949 established the interest-credit housing loan program. It enabled some low-income families to pay as little as 1 percent interest and provided for subsidized loans to developers of low-priced rental housing for low-income families and senior citizens. New programs also were enacted in 1968 for rural homesite development loans and for grants toward support of "self-help" homebuilding group projects. Grants of up to 90 percent, as well as loans, were authorized for farm labor housing projects.

In 1968, Congress abolished a statutory annual ceiling of $450 million on FmHA-insured loan authority for farm ownership and community facilities combined, and raised the national total authorization for water-waste disposal grants from $50 million to $100 million a year.

In 1970, legislation was passed to remove technical barriers to the use of investors' FmHA-insured funds, rather than direct appropriated funds, for loans to tax-exempt public bodies such as municipalities and public service districts. That year marked the beginning of a period of rapid growth and increased service to small towns.

Amendments made in 1970 to the Housing Act of 1949 raised the population limit to 10,000 for a rural community where FmHA housing loans may be made.

In farm credit programs, the agency took action in 1970 to increase its cooperation with other lenders in jointly serving farm borrowers, with FmHA taking a second lien when the same security is mortgaged both for the FmHA and other lenders' loans. In 1971, the limit on a farm ownership loan secured by a mortgage on real estate was raised from $60,000 to $100,000.

The Rural Development Act of 1972, enacted August 20, 1972, gave USDA primary responsibility for Federal activities in support of rural development. It established the position of Assistant Secretary for Rural Development to coordinate this effort through the programs and expertise of FmHA, the Rural Electrification Administration (REA), and the Rural Development Service (RDS). In 1977, RDS was merged with FmHA, but in 1981 it again became a separate entity as the Office of Rural Development Policy (ORDP). In January 1986, ORDP was abolished and the rural development functions were assumed by the Under Secretary for Small Community and Rural Development. In 1987 the Under Secretary served as coordinator for renewed USDA rural development efforts.

In its other principal provisions affecting FmHA, the act—

* Authorized FmHA to guarantee loans made by commercial lenders for farming, housing, and rural business and industry, including enterprises in cities of up to 50,000 population.

* Abolished the limit of $4 million per project on FmHA financing of water and waste disposal systems, increased the national grant authorization for water and waste disposal to $300 million a year, and raised the population limit on towns eligible for FmHA-financed systems to 10,000.

* Authorized FmHA loans for other kinds of essential community facilities such as fire departments, community halls, hospitals, nursing homes, and other related facilities.

* Authorized FmHA grants to improve rural industrial sites.

* Authorized area assistance planning grants.

* Authorized FmHA to make investor-funded insured loans for farm operating purposes, and raised the limit on farm operating loans from $35,000 to $50,000.

* Authorized youth loans to rural young people under age 21 for farm or nonfarm income-producing enterprises supervised through schools or organizations, such as 4-H Club and Future Farmers of America programs.

* Set $225,000 as the maximum permissible debt against farm property on which FmHA and a cooperating lender may simultaneously hold liens. This enabled FmHA to participate in larger loans up to its limit of $100,000 to family farmers and ranchers.

The emergency loan program to help farmers recover from natural disaster underwent a short-lived expansion in 1972. An act of

Congress, stimulated by the Hurricane Agnes disaster in Northeastern States, liberalized emergency loan terms nationwide and decreed nonrepayment of the first $5,000 to cover actual loss. After the cost mounted to about $550 million within a few months, the program was suspended and Congress in 1973 returned emergency loans to a fully repayable basis. Legislation in 1975 established separate categories of disaster emergency loans to cover losses and to finance resumption of farm production operations. Under the Small Business Development Act of 1980. FmHA was given authority to make unsubsidized emergency loans to farmers who are able to get credit from commercial lenders. The law limits loans to these creditworthy borrowers for actual loss only.

A special Emergency Livestock Credit Act for FmHA's guarantee of commercial lenders' loans to livestock and poultry producers in financial distress was enacted July 25, 1974. The program expired September 30, 1979. Under terms of the program, FmHA guaranteed a maximum $350,000 worth of commercial credit for an eligible borrower. Loan guarantees totaling $1.5 billion of principal outstanding were authorized. About $1 billion of this credit was used by farmers and lenders.

Under amendment of the Housing Act, passed in 1974, FmHA in 1976 introduced its housing loans into towns of 10,000 to 20,000 population outside Standard Metropolitan Statistical Areas (SMSA's)* and certified by the Secretaries of Agriculture and Housing and Urban Development (HUD) to be lacking in mortgage money from other sources. Later in 1976, Congress revised the criteria for serving the larger non-SMSA communities by specifying that consideration be based on shortage of mortgage loan funds for families of low and moderate income. Housing Act amendments of 1974 also authorized extension of FmHA housing loan services to U.S. island territories, including trust territories in the Pacific. (Service was initiated on Guam in 1976 and other islands in 1977.)

The guarantee of commercial lenders' housing loans to families of moderate income was implemented in January 1977 under authorities provided in the Housing and Rural Development Acts. However, under the Housing Act Amendments of 1977, guarantee of housing loans was limited to families with above moderate income.

The Emergency Agricultural Credit Adjustment Act, enacted August 4, 1978, substantially changed the farm programs of FmHA and added a new program of economic emergency loans. The new program authorized FmHA to make or guarantee loans of up to $400,000 to farmers or ranchers hard pressed by shortages of credit from regular sources or by a cost-price squeeze. The agency was authorized to carry a maximum of $6 billion in economic emergency loans at any one time. The loans could be used to refinance certain outstanding debts, reorganize the farming operation, and pay other operating expenses. However, funds could not be used to expand farming operations.

The 1978 Agriculture Credit Act also made changes in existing programs --

* Expanded eligibility for farm loans to family corporations, cooperatives, and partnerships, as well as individuals.

* Name changed to Metropolitan Statistical Areas (MSA's) in 1984.

* Increased loan limits to $200,000 for insured and $300,000 for guaranteed farm real estate loans and to $100,000 for insured and $200,000 for guaranteed farm operating loans.

* The interest rate for farm ownership loans was changed to be based on the cost of borrowing to the Government. Special interest rates on ownership and operating loans were made available for limited-resource farmers.

* The maximum allowable grant for water and waste disposal projects was increased from 50 percent to 75 percent.

* Revoked the requirement that the Department of Labor clear business and industrial loans of less than $1 million and when employment is less than 50 people.

Powerplant and Industrial Fuel Use Act of 1978 (Section 601) provided energy impact assistance grants to rural communities which faced problems of rapid growth due to new coal and uranium mining. This was sometimes referred to as the boomtown program. Grants were available for planning as well as acquiring and developing sites for housing and public facilities.

Energy impacted areas were designated by State governors and approved by the U.S. Department of Energy. By the end of 1981, approximately 400 grants had been awarded to communities within the designated 24 States. The program has not been funded since 1981.

The Rural Development Policy Act of 1980 gave USDA a leadership role in coordinating a nationwide rural development program. Among other provisions, it created the position of Under Secretary of Agriculture for Small Community and Rural Development and increased FmHA's annual authorization for Section 111 planning grants.

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The planning grants under Section 111 had been authorized by the Rural Development Act of 1972. The grants were made to States, substate districts, local governments, and certain community-based organizations to encourage and help meet the cost of comprehensive planning in rural areas. Grants were used for planning a wide variety of services including water, sewer, housing, energy, and economic development. Through its final year of funding, fiscal year 1981, the Federal. Government made 60.5 grants for a total of $19 million.

The Energy Security Act of 1980 was a $20 billion comprehensive synthetic fuel measure designed to spur the production of 500,000 barrels of synfuels daily by 1987 and 2 million barrels by 1992. Small-scale projects (less than 1 million gallons per year) with a loan amount of less than $1 million, and intermediate projects (over 1 million and less than 15 million gallons) became eligible for FmHA financing.

Although the 1978 Emergency Agricultural Credit Adjustment Act set May 15, 1980, as the expiration date for the economic emergency loan program, PL 96-220, enacted in March 1980, extended authority for the program until September 30, 1981. In 1983, the U.S. District Court in Washington, D.C., directed FmHA to reopen its economic emergency loan program for a limited time, from December 22 through September 30, 1984.

Amendments to the Housing Act, enacted on November 30, 1983, created changes in the single-family and multifamily housing programs of FmHA. The new legislation directed FmHA to give priority to serving very-low-income households and making its housing assistance more affordable to low-income persons in rural areas. The law required that FmHA revise its income definitions to be consistent with HUD's and to also accept any of the voluntary national model building codes and HUD minimum property standards, in addition to the FmHA construction standards.

Other provisions of the law:

* Permit FmHA to extend single-family home mortgages from 33 years up to 38 years to persons whose incomes do not exceed 60 percent of the area's median income.

* Authorize FmHA to make single-family or multifamily housing loans for permanently sited mobile/manufactured housing units, including the lots on which they are located.

* Require not less than 40 percent of the homes financed nationally and 30 percent in each State under the section 502 (single-family housing) program to be for very-low-income families.

* Authorize up to $10 million for innovative demonstrations of housing and building systems that may differ from FmHA minimum property standards, while still providing adequate housing for low-income borrowers.

* Establish a new program of housing preservation grants to eligible organizations and units of government to rehabilitate single and multifamily housing.

Regulations implementing part of these changes in the housing laws went into effect October 1, 1985.

The Emergency Agricultural Credit Act of 1984, enacted April 10, 1984, significantly changed FmHA's farm operating and emergency loan programs.

In the emergency loan program, for disasters occurring after May 30, 1983, farmers in counties bordering designated counties are eligible to apply for emergency loans and the application period is extended from 6 months to 8 months. Collateral will be based on its value the day before the emergency designation was requested by the governor or its value 1 year before the request, whichever is higher.

In the operating loan program, loan limits on new loans were raised from $100,000 to $200,000 for insured loans and from $200,000 to $400,000 for guaranteed loans.

The maximum repayment period for rescheduled or consolidated emergency and operating loans increased from 7 to 15 years from the date of the original. note. A loan which is rescheduled may be changed to a limited resource loan for a qualified borrower.

Other changes in the law include:

* Interest rates on operating, farm ownership, or emergency loans that are deferred, consolidated, rescheduled, or reamortized are set at the original rate or the current rate, whichever is lower.
* Requiring 20 percent of operating and farm ownership funds to be allotted to limited resource borrowers. States

unable to meet the goal may use any remaining funds for regular operating loans.

* Prompt notification of borrowers of limited resource loans.

* Prohibiting FmHA employees involved in the loan review process from buying land for three years whenever another person has applied for and been denied an FmHA loan to buy the same land.

* Permitting a study on the feasibility of a program for delinquent farm borrowers to repay their loans with earnings from timber production on land diverted from crops or pasture.

Quotas of lending to very-low- and low-income families for homeownership were clarified under a supplemental appropriations bill signed July 2, 1984, and the "Housing and Community Development Technical Amendments Act of 1984," signed October 17, 1984. The housing legislation of 1983 had restricted FmHA to making at least 40 percent of such loans to people of very low income. However, so few people in that category could afford to buy homes, even with the maximum interest credit available, that service to low-income people was severely restricted. The revisions enacted in 1984 authorized the agency to set aside and make available 40 percent of appropriated to those of very low income.

Based on a 4-person household with adjustments for family size, very low income is defined as not more than 50 percent of an area's median income. Low income is not more than 80 percent of the area's median income.

President Ronald Reagan announced a 1-year Farm Credit Initiative program on September 18, 1984. This debt-restructuring plan was designed to assist farmers who were good managers, but experiencing severe financial difficulty, to remain in business and develop sound financial footing. Major initiatives provided:

1. A one-time, interest-free, debt set-aside of up to 25 percent or a maximum of $200,000 (whichever was less), of a borrower's FmHA debt, provided the set-aside resulted in a positive cash flow.

2. An FmHA guarantee of 90 percent on loans made by other lenders to non-FmHA borrowers, provided the lenders agreed to write off at least 10 percent of their borrower's debt, up to the amount needed to achieve a positive cash flow.

Initiative one expired on September 30, 1985, but initiative two was continued.

On February 6, 1985, Agriculture Secretary John R. Block announced measures to assist financially troubled farmers. They included:

* An interest writedown option in addition to the existing principal writedown option for guaranteed loans.

* An emergency credit assistance program for farmers whose banks have failed. For eligible operators, FmHA can provide a guarantee for new crop loans on a 1-year basis.

The Food Security Act of 1985, enacted December 23, 198.5, made major changes in farm loan eligibility and provided additional protections for borrowers undergoing serious financial difficulty.

For farm operating and ownership loans, eligibility was extended to "joint operators," that is, two or more farmers working together and sharing land, labor, equipment, expenses, and income. Eligibility also was extended to include persons related by blood or marriage, as long as the ownership interest of each holder separately constitutes no more than a family farm, even though their collective interests are larger than a family farm.

Eligibility for emergency loans, however, was limited for the first time to family-size farms.

FmHA farm borrowers who are unable to continue their operations could, under certain conditions, retain their dwelling and a reasonable amount of land or, under other authority, lease back their farm with an option to buy. Other key provisions of the 1985 Act included:

* A requirement that two of the three FmHA county committee members be elected by farmers in the community instead of being appointed.

* An interest rate reduction plan in which FmHA would match, up to 2 percentage points, the reduction in interest by the lender on a guaranteed loan, making a reduction of 4 percentage points possible. FmHA then gives its matching share to the lender.

* A conservation easement program under which a farmer unable to make loan payments to FmHA could, under certain circumstances, sell an easement on wetland, upland, or highly erodible land for conservation purposes for 50 years in exchange €or a reduction of the FmHA debt equal to the value of the land in the easement.

* A provision to allow farm borrowers, under certain circumstances, to reamortize a distressed loan with the use of future revenue from softwood timber crops produced on marginal farmland.

To further extend the Agency's ability to assist eligible farmers in need of credit, FmHA in 1986 created "Operation Assist." Under this program, if a county office exhausted its direct operating loan funds, the County Supervisor would personally escort a qualified farmer to a bank or other lending institution to seek a guaranteed loan. In the first year of "Operation Assist," about 550 loans for *$43* million were guaranteed. The next year, 1,530 loans were guaranteed for $127 million. In 1988, a total of 2,671 loans were guaranteed under this program for $194 million.

The Agricultural Credit Act of 1987 made substantial changes in the way FmHA services its farmer program loans. In addition to an existing package of loan servicing programs, the law added a provision to permit FmHA farmer program loans to be written down to the recovery value of the collateral if the borrower has a feasible plan to continue the farming operation. Loans can be written down only if the restructured loan would result in recovery to the Government that would be equal to or greater than the amount recovered if the collateral were involuntarily liquidated.

The act of 1987 also expanded preservation loan servicing programs. Preservation loan service programs include homestead protection and leaseback-buyback of farm land. The homestead protection provisions of the 1987 act permit the borrower to retain the home and a reasonable number of farm outbuildings and up to 10 acres of adjoining land.

The law also changed the structure and the conduct of appeals within FmHA. An independent appeals unit was established, staffed with hearing officers assigned exclusively to appeals. Appeals formerly were conducted through FmHA's chain of command from district directors to State directors to the National Office.

The act authorized USDA to certify agricultural loan mediation programs in States upon a governor's request. The programs are designed to provide mediation services to farmers and their creditors in efforts to reach mutually agreeable decisions between the parties. USDA also was authorized to make grants to States to support half the cost of mediation programs, up to $500,000 per State.

Other key provisions of the Agricultural Credit Act of 1987 included:

* A restructuring program for guaranteed loans, which will allow the lender to write down the guaranteed loan and FmHA to treat the amount of the writedown as a loss claim up to the percentage of the guarantee.

* A requirement that all farm real estate which reverts to FmHA control must first be offered to former owners, family members, and previous operators. If none of them leases or purchases the property, it must be offered for lease or sale to family-size farmers. The property will be offered for sale for no more than its market value.

* An extension of the interest rate buy-down program through 1993. FmHA has developed a demonstration project under which elfgible FmHA guaranteed loan applicants can purchase at reduced interest rates properties acquired by the Farm Credit System.

* A requirement for FmHA to establish target rates for participation in the farm ownership loan program by members of socially disadvantaged groups and conduct outreach programs to assure that members of such groups have an opportunity to purchase or lease inventory farm property.

* A provision that one FmHA borrower may serve as a member of a county committee. County committee members are no longer required to derive the principal part of their income from farming.

* Authority for FmHA to transfer to any Federal or State agency--for conservation purposes--any farm real estate in its inventory if all rights of former owners, family members, and previous operators have been exhausted and if the land has marginal value for agricultural production, is environmentally sensitive, or has special management importance.

In 1987, FmHA completed an historic sale of Government- assets. Based on requirements of the Omnibus Budget Reconciliation Act of 1986 and the Continuing Resolution of 1987, Farmers Home sold portions of its rural housing and community programs loan portfolios to the public. The loans were sold on a nonrecourse, taxable basis.

Farmers Home received $1.75 billion from the sale of single family housing loans, plus Subordinate Certificates amounting to $593 million which were to be sold later. Water and waste disposal and community facility loans generated $1.08 billion in cash for the agency. Before completing the community program loan sale, Farmers Home offered to sell the loans back to borrowers under the Discount Purchase program. The agency received $52.8 million in cash under this program.

In 1988, FmHA offered water and waste disposal and community facilities loans to borrowers under the Discount Purchase program and sales generated $976 million, far exceeding the agency's goal of $588 million for the year.

AN UNDUPLICATED RURAL RESOURCE

FmHA programs operate as a supplement to credit made available by private lenders, not in competition with them, and as a helping hand to the capable and industrious family or community whose progress is blocked by lack of credit resources.

A family in need of farm financing, or a loan for an adequate home, may be of modest circumstances and lack credentials for conventional credit. A rural locality may be without a local lending institution, financial needs of the area may exceed the capacity of institutions that are there, or a rural community may not be able to qualify for financing through the conventional bond market.

In circumstances such as these, resources brought within reach through FmHA help to make up for shortages in local and private resources. FmHA lends money raised throughout the Nation from investors in Government securities and also guarantees loans made by city banks and other commercial lenders. In doing so, FmHA relays into the rural United States a flow of outside capital needed for farm, home, community, and rural economic development.

Historically, the availability of credit through FmHA, when none other was to be found, has enabled hundreds of thousands of farm families to keep their foothold on the land rather than abandon farming.

Through the years, FmHA has enabled 1.5 million poorly housed rural families to move into adequate homes. The agency is currently helping approximately 13,700 borrowers obtain modernized central water and sewer systems.

The "supervised loan" principal adopted by the agency in its earliest years is still necessary to help borrowers achieve the purposes of their loans and to pay back what they have borrowed. Loan losses written off during the 53 years of the agency amount to 2.7 percent of principal advanced.

SOURCES OF FUNDS

FmHA loans classified as "insured" are made from three revolving loan funds. The oldest is the Agricultural Credit Insurance Fund (ACIF), established when FmHA began to make insured loans in the 1940's, and now the fund from which all farmer-program loans are made. The Rural Housing Insurance Fund (RHIF) was established with inauguration of insured rural housing loans in 1965. The Rural Development Insurance Fund (RDIF), established under the Rural Development Act of 1972, took over from ACIF the agency's lending for water, sewer, and other community facilities, and for business and industrial development.

The revolving funds are replenished by the incoming flow of loan repayments, the sale of

Certificates of Beneficial Ownership to the Federal Financing Bank, and appropriations from Congress.

Prior to 1974, investors received actual notes or other security instruments FmHA had taken from borrowers. The investor supplied to FmHA an amount equal to principal owed on the note and the agency guaranteed repayment of the investments with interest. As borrowers repaid loans, payments were made to investors and the value of the investment was reduced. Until 1970, with FmHA program levels requiring less than $1 billion a year of note marketing, sales were conducted directly from FmHA. From 1970 through 1973, as marketing requirements rose to more than $2 billion a year, the agency increased sales by marketing large blocks of notes to security dealers, who in turn sold them to trust funds and other large investors.

In 1974, FmHA discontinued the marketing of actual notes and introduced a new investment security instrument, the Certificate of Beneficial Ownership (CBO). **CBO's** are issued against pools of loan notes and signify that investors will share in interest earnings. Since 1977, FmHA has placed CBO's only with the Federal Financing Bank, an institution closely related to the Department of Treasury, and has sold no CBO's to the public.

FmHA's authority to guarantee loans made by commercial lenders is contained in The Rural Development Act of 1972. Under the guaranteed loan program, FmHA does not lend directly to individuals, but serves as a guarantor to other lenders. The lender and the applicant negotiate the loan terms between themselves: Collateral requirements, repayment terms, interest rates and other items. The guarantee is an agreement to pay the lender up to 90 percent of loss in the event the borrower defaults.

Practically all of the funding for the agency's business and industry program which began in 1974 has been through guaranteed loans. The agency also offered guaranteed housing loans to above moderate lenders in 1978-79. Guaranteed loans were used for the Emergency Livestock (EL) loan program which was active from 1974 through 1979. The Economic Emergency (EE) loan program, conducted from 1978 through 1981, and again for most of 1984, included some guaranteed loans.

New emphasis was placed on guaranteed loans for the more traditional farm programs in the early 1980's. That trend was reinforced in the 1985 Farm Bill (Food Security Act), which directed a phased-in shift toward guaranteed loans. Congress has endorsed this policy by authorizing, each year, larger and larger allocations for guaranteed loans and smaller amounts for direct (or insured) loans. The Agricultural Credit Act of 1987 states that it is the "sense of the Congress: that USDA should "issue guarantees for loans under the Consolidated Farm and Rural Development Act, to the maximum extent practicable." By the end of fiscal year 1988, guaranteed loans accounted for 54 percent of farm program funding.

SUMMARY BY PROGRAM AREA

From the beginning of the Resettlement Administration in 1935 until the end of fiscal year 1988, a total of $151,865,329,670 was advanced or obligated in nearly 10 million loans and grants made through FmHA and its predecessor agencies.

Program by program, the all-time totals as of September 30, 1988, are shown on page 24. The unpaid principal owed to FmHA on all FmHA loans as of September 30, 1987, totaled $62,804,274,000, including guaranteed loans.

The annual volume of programs, making FmHA the largest Federal loan agency dealing directly with borrowers, reflects the emphasis during the 1960's and 1970's on resources for development or revival. of the whole rural community. Money spent annually on programs increased from $300 million to $1.6 billion during the 1960's. Since then, the following annual levels have been recorded (in thousands):

FY 1970 --	1,639,749
FY 1971 --	2,414,316
FY 1972 --	2,789,806
FY 1973 --	3,754,934
FY 1974 --	3,601,475
FY 1975 --	5,486,089
*FY 1976 --	7,190,920
FY 1977 --	7,255,534
FY 1978 --	11,111,102
FY 1979 --	14,601,635
FY 1980 --	12,965,758
FY 1981 --	13,975,037
FY 1982 --	8,778,217
FY 1983 --	7,314,494
FY 1984 --	7,995,093
FY 1985 --	9,511,665
FY 1986 --	7,001,008
FY 1987 --	5,781,145
FY 1988 --	5,151,060

*Includes Transition Quarter

The downward dip between fiscal years 1973 and 1974 was attributed to an exceptionally great outlay for farm emergency loans in 1973 and a January-June moratorium on new subsidized housing that decreased the backlog of loan applications for fiscal year 1974. The high volumes from 1978 through 1981 included record levels for farm emergency, housing, community facility, and business and industrial programs.

Following are summaries of current FmHA services.

FARMER PROGRAMS

FmHA helps finance farmers who generally cannot get the credit they need from other lenders at reasonable rates and terms. Figures indicate FmHA held 7 percent of the total outstanding farm debt in 1978. The amount has steadily increased and stood at 16.4 percent at the end of 1988.

The average size of farm loans made by FmHA in fiscal year 1988 ranged from $38,802 for a direct operating loan to $148,640 for a guaranteed farm ownership loan. The overall average was $61,069. The averages by types of loans are the following: direct farm ownership, $83,865; guaranteed farm ownership, $148,640; direct operating, $38,862; guaranteed operating, $90,589; and emergency, $53,594. Interest rates for guaranteed loans are negotiated between lender and borrower. The interest rate for insured loans is set periodically by the Secretary of Agriculture, based on the cost of Government borrowing.

Farm ownership loans, insured or guaranteed, enable family-size farmers lacking other sources of credit to buy, improve, or refinance farm real estate. Family-size farms operated by individuals, partnerships, cooperatives, or corporations can be considered for eligibility. Loan limits are $200,000 for insured loans and $300,000 for guaranteed loans. Farm ownership loans may be repaid in up to 40 years. Insured loan borrowers must refinance through conventional lenders when financially able, thereby "graduating" from FmHA credit. Loans are secured by mortgages on the farm real estate.

credit. Loans are secured by mortgages on the farm real estate.

Farm operating loans, insured or guaranteed, are usually secured by chattel mortgages on crops, livestock, machinery, or othgr elements of production. Family farmers and ranchers lacking other sources of production financing may be eligible. The limit is $200,000 for insured loans and *$400,000* for guaranteed loans. Terms for operating loans usually range from 1 to 7 years, according to loan purposes, with a maximum repayment period of 15 years for consolidated or rescheduled loans. A loan which is rescheduled may be changed to a limited resource loan for a qualified borrower.

Limited resource insured farm ownership and operating loans are made to owner-operators or tenant-operators who, because of lack of experience, equipment, capital, land, adequate financing, or due to underdeveloped farms, low net income, and inadequate cash flow, need a lower interest rate to service their debts and have a reasonable chance of success.

Disaster Emergency (EM) loans help farmers recover from actual production and physical losses inflicted by natural disasters such as drought, floods, and hail-storms.

To be eligible for an emergency loan, the county in which the farm is located must have been declared an emergency or major disaster area by the President, or determined to be a natural disaster area by the Secretary of Agriculture, or in some cases, by the FmHA Administrator. The FmHA Administrator can make the determination for severe physical loss loans only. Farmers in counties contiguous to a designated county may also qualify for EM loan assistance.

To qualify, applicants must be unable to obtain suitable credit elsewhere.

Other farmer programs include insured or guaranteed loans for improvement of soil and water resources, and insured loans to Indian tribal organizations to buy privately owned land located within reservation boundaries.

HOUSING PROGRAMS

Housing credit was scarce in rural America until the late 1960's, and the consequences were visible throughout the Nation's towns and countryside. With 27 percent of the national population, rural America had 47 percent of the Nation's substandard housing. This meant that the ratio of bad housing to the number of families was twice as great in rural communities as in the cities.

A large-scale attack on rural housing blight was mounted by FmHA in 1965. Insured loan service comparable to Federal urban housing credit was made available to rural people of low or moderate income. Over 1.1 million new or modernized family-owned homes and about 380,000 new apartment units have been built in rural communities. About one-third of the apartment projects fill the need of elderly people for low-cost rental housing.

Since 1949, FmHA has provided over $52 billion for housing. During fiscal year 1988, FmHA loans and grants for $2 billion funded more than 51,000 living units. FmHA housing credit is available to eligible applicants in rural communities with populations of less than 10,000 and some communities with between 10,000 and 20,000 people.

who need adequate housing. Maximum term for repayment is 38 years. Interest rates vary according to the cost of Government borrowing. Interest credit, which may reduce the effective interest rate to as low as 1 percent, may be available to qualified low-income borrowers.

Very-low-income homeowners may be eligible for low-interest <u>(Section 504) loans for repairs</u> of up to $7,500 needed to remove health and safety hazards. Very-low-income elderly homeowners may be eligible for a maximum loan of $7,500, a maximum grant of $5,000, or maximum loan-grant combination of $7,500 to make necessary repairs to their homes. In order to qualify for assistance, applicants must be 62 years of age or older and have an income so low they cannot repay all or part of a Section 504 loan.

<u>Rental housing</u> (Section 515) insured loans provide modernized rental or cooperative housing for persons with low and moderate incomes and for those age 62 and older in communities of not more than 10,000 population. Such loans may also be available in communities between 10,000 and 20,000 population if the facility is not within an MSA. The loans are repayable in not more than 50 years. Provisions are made for interest reductions under certain circumstances, so that low-income tenants may pay a rent within their means. Rent paid by low-income tenants also can be supplemented through a rental assistance program administered by FmHA or HUD's section 8 rent subsidy program.

<u>Mutual self-help housing grants</u> are made to eligible nonprofit or public organizations to assist low-income families who wish to work together to build their own homes with financial assistance under the 502 rural housing program. The grant is used to pay for technical assistance the families may need in constructing the home with their own resources.

<u>Specialized housing programs</u> include loans and grants for development of adequate farm labor housing, 2-year loans to nonprofit organizations to develop rural homesites, and housing rehabilitation assistance through local public and nonprofit groups for rural homeowners.

COMMUNITY PROGRAMS

<u>Water and waste disposal program</u> -- FmHA and its predecessor agencies have financed approximately 14,342 water and waste disposal systems in rural areas and towns of up to 10,000 people. Public bodies, corporations operated on a nonprofit basis, and Indian tribes that are unable to obtain credit from other sources at reasonable rates and terms are eligible for assistance. Loan repayment can be scheduled for up to 40 years or the useful life of the facility. Interest rates are based on the current market yield of municipal obligations. Certain loans may be made at a lower rate. Applicants can have the option of the interest rate in effect at the time of loan approval or closing. In some cases, grants can be made to reduce user rates to a reasonable level for farmers, ranchers, and rural residents.

<u>Community facilities</u> -- The Rural Development Act of 1972 extended FmHA's lending authority to include loans to public bodies or nonprofit organizations for community facilities that provide essential services to rural residents. Fire protection, community halls, hospitals, nursing homes, medical clinics, libraries, and schools are among more than 30 categories of community facilities eligible for

financing. Under this program, 4,531 loans have been made totaling nearly $2.5 billion.

Facilities may be in the rural countryside or towns of up to 20,000 population. Loan repayment can be scheduled for up to 40 years or the useful life of the facility. Interest rates are fixed for the life of the loan and are based on the current market yield for municipal obligations. Certain loans may be made at a lower rate. Additional interest charges may apply to projects located on prime or unique farmland.

Loan applications for public safety such as rescue or fire protection facilities and equipment receive priority status for funding. Joint funding of projects with other lending sources is emphasized in order to receive maximum benefit from program sources.

The Food Security Act of 1985 authorized the Technical Assistance and Training Grant program, which provides grants for private nonprofit organizations in rural areas that are experiencing water or waste disposal problems.

Other programs -- Local costs of projects developed under the small watershed program and resource conservation and development program also may be financed through loans by FmHA to sponsoring local organizations. The agency also provides industrial development grants to assist public bodies and nonprofit corporations in financing development of small and emerging private businesses.

BUSINESS AND INDUSTRY PROGRAMS

The business and industry (B&I) loan program was legislated in 1972 through the Consolidated Farm and Rural Development Act in order to encourage business and industrial development in rural areas and to create or preserve employment opportunities in these areas. The program has been administered primarily as a guaranteed loan program in communities under 50,000 population, with emphasis on communities of less than 25,000.

During the life of the program, FmHA has obligated for guarantee 7,212 business and industry loans totaling $5.9 billion. In fiscal year 1988, 85 of these loans were guaranteed for $95.4 million.

Under the business and industry program, commercial loans, guaranteed up to 90 percent against loss of principal and interest, are made by lenders to individuals and corporations. The interest rate is negotiated between the borrower and the lender. Loans may be made for improving, developing, or financing business, industry, and employment.

With renewed interest in Rural Development, Farmers Home was a strong participant in efforts to help rural America rebound from recent economic hardships. While ongoing programs of farm, housing, and community facility loans continued to support rural. areas, the B&I program guaranteed $95.4 million in loans, generating or saving more than 8,600 jobs.

The Disaster Assistance Act of 1988 authorized loan guaranteestb public, private, or cooperative organizations, Indian tribes, or other business entities suffering financial loss or distress caused by natural. disasters in 1988 such as drought, hail, excessive moisture, or related conditions.

The program is similar to FmHA's B&I program and operates in much the same way. Some unique features of the disaster loan program are maximum loans of $500,000, guarantees of principal only, and authority to refinance a lender's own loan. Applications must be complete by September 30, 1991. The act provided $200 million for this program.

The Intermediary Relending Program (IRP) was authorized by the Health and Human Services Act of 1986 which amended the Food Security Act of 1985. Under the program, FmHA provides loans to public or private nonprofit organizations (intermediaries) that subsequently make loans to ultimate recipients for businesses or community development in rural areas. The interest rate to intermediaries is 1 percent with repayment terms up to 30 years. The maximum loan amount to one intermediary is $3 million. The program started in 1988 with nine loans approved for $13,990,000. Funding authority for fiscal year 1989 is $14 million.

In 1987, Farmers Home provided $20 million in loans and $14 million in grants to the Nonprofit National Corporations (NNC) programs. Three NNC's were set up to help local businesses establish rural development projects. The projects are intended to create new businesses or expand existing ones, to help diversify the local economy, and to provide income to displaced farm families.

1988 OBLIGATIONS FOR ALL PROGRAMS

Nationwide and State totals of major FmHA loans and grants for fiscal year 1988 follow.

U.S Department of Agriculture
Farmers Home Administration

Loans and Grants by Program -- Fiscal Year 1988

FARMER PROGRAMS	Number of Loans or Grants	Dollar Amount
Farm Operating Loans	33,020	$1,792,079,050
Farm Ownership Loans	3,807	477,065,376
Emergency Loans	554	29,890,573
Soil and Water Loans (individual)	348	4,718,810
Indian Tribe Land Acquisition Loans	2	461,330
Interest Buy-Down Program	(2,338)	16,515,488
Farmer Programs Total	37,731	$2,320,730,627
RURAL HOUSING PROGRAMS		
Low-Moderate Income Housing Loans	35,508	$1,270,802,508
Compensation for Construction Defects (grants)	70	257,921
Very-Low Income Repair Loans	2,438	7,622,046
Very-Low Income Repair Grants	3,656	12,499,881
Rural. Rental Housing Loans	722	554,935,629
Rural Assistance Program:		
Rental Housing (24,196 units)	1,847	267,293,212
Labor Housing (725 units)	18	8,009,075
Farm Labor Housing Loans	61	11,372,385
Farm Labor Housing Grants	14	11,297,304
Self-Help Housing Grants	23	5,754,693
Rural Housing Preservation Grants	156	19,140,000
Housing Programs Total	44,513	$2,168,984,654
COMMUNITY PROGRAMS		
Water and Waste Disposal Development Loans	662	330,380,000
Water and Waste Disposal. Development Grants	328	119,359,167
Community Facility Loans	234	95,700,000
Rural Development Grants	27	6,500,000
Rural Development Loans	9	13,990,000
Business and Industrial Loans	85	95,415,000
Community Programs Total	1,345	$ 661,344,167
FmHA PROGRAMS TOTAL		
Loans	77,450	4,684,432,707
Grants	6,139	466,626,741
FmHA Programs Total	83,589	$5,151,059,448
Grants other than FmHA (Appalach. & wste mgt)	44	7,869,575

STATISTICS ON FmHA PERFORMANCE BY FISCAL YEAR
(Dollars in Billions)

I Number of Loans and Amount Outstanding as of End of Fiscal Year: 1/

	1986		1987		1988	
	Number Borrowers	Amount (Bil.)	Number Borrowers	Amount (Bil.)	Number Borrowers	Amount (Bil.)
Farm Operating	119,922	$ 6.3	109,793	$ 5.9	109,083	$ 5.7
Farm Emergency	113,002	9.4	102,967	8.6	97,634	8.4
Economic Emergency	48,172	3.9	42,859	3.5	41,286	3.4
Farm Ownership	124,451	7.7	118,379	7.5	114,839	7.3
RH 502/504	971,588	22.2	685,536	18.3	771,260	18.5
Rental Housing	11,875 2/	7.4 2/	14,307	7.8	15,962	8.4
Water & Waste	13,413	6.7	9,680	5.3	7,907	4.0
All Programs 3/	1,424,241	65.8	1,203,168	58.9	1,175,319	57.4

II Write-offs as Percent of Cumulative Advances (Insured and Direct Programs):

	1986 Sept. 30th	1987 Sept. 30th	1988 Sept. 30th
Farm Operating..	1.23%	1.84%	2.87%
Farm Emergency.......	.85	1.98	4.39
Economic Emergency	1.29	1.85	7.16
Farm Ownership.......	.32	1.01	2.31
RH 502/504..	.25	.32	.42
Rural Rental Housing.	0 4/	0 4/	.01
Business & Industrial Loans	.38	.38	.56
All Programs 3/	.50%	1.31%	2.70%

1/ Excludes guaranteed loans
2/ Estimated
3/ Includes small programs not listed, so columns do not add
4/ Information is not currently available

FARMERS HOME ADMINISTRATION
Loans and Grants by Program --All- Time Total
Through Fiscal Year 1988

FARMER PROGRAMS:	Number of Loans or Grants	Dollar Amount
Farm Operating Loans	2.670. 310	$ 28.908.608. 922
Farm Ownership Loans	416. 237	13.042.181. 895
Recreation Loans (Individual)	463	20.527. 880
Emergency Loans	1.242. 200	23.040.980. 416
Grazing Association Loans	605	129.419. 696
Soil and Water Loans (Individual)	44. 379	505.137. 972
Irrigation and Drainage Loans	610	32.240. 909
Indian Land Acquisition Loans	90	99.143. 130
Interest Buy-Down Programs	(2.338)	16.515. 488
Farmer Programs. Total	4.374. 894	$ 65.794.756. 308
RURAL HOUSING PROGRAMS:		
Individual Housing Loans (502 & 504)*	2.014. 415	$ 39.905.534. 733
Compensation for Construction Defects	625	1.985. 913
Very-Low-Income Repair Loans	2. 438	7.622. 046
Very-Low-Income Repair Grants	66. 093	177.930. 511
Rural Rental Housing Loans	21. 653	10.386.366. 485
Rental Assistance Program:		
Rental Housing (190. 114 units)	****	2.964.488. 833
Labor Housing (6.543 units)	59**	115.171. 820
Farm Labor Housing Loans	****	226.127. 319
Farm Labor Housing Grants	282	204.045. 248
Site Loans	131	17.187. 420
Self-Help Housing Grants	606	107.799. 040
Self-Help Land Development Fund	47	8.652. 010
Rural Housing Supervisory Assistance Grants	57	5,000.000
Rural Housing Preservation Grants	440	57.420. 000
Housing Programs. Total	2.115. 815	$ 54.185.331. 378
COMMUNITY PROGRAMS:		
Water and Waste Disposal Development Loans	29. 298	$ 9.792.834. 844
Water and Waste Disposal Development Grants	13. 974	3.133.136. 440
Community Facility Loans	5. 431	2.485.090. 470
Industrial Development Grants	1,395	93. 049. 279
Rural Development Loans	9	13.990. 000
Watershed and Flood Prevention Loans	491	176.072. 424
Resource Conservation and Development Loans	291	29.412. 409
Development Grants Other than FmHA	2. 170	358.787. 525
Community Programs, Total	53. 059	$ 16.082.373. 391
BUSINESS & INDUSTRY PROGRAMS:		
Guaranteed Business/Industrial Loans	7. 260	$ 5.921.389. 844
B&I Programs. Total	7. 260	$ 5.921.389. 844
DISCONTINUED PROGRAMS:		
Bureau of Reclamation. Soil and Water Loans	283	$ 4.935. 550
Economic Emergency Loans	126. 770	7.227.951. 980
Economic Opportunity Loans (Assn.)	1,476	21.107. 481
Economic Opportunity Loans (Indiv.)	64.660	109.394. 912
Emergency Livestock Loans	7. 738	1.045.660. 130
Finance Corporation Grants	3	14.263. 668
Finance Corporation Loans	12	19.140. 000
Land Conservation and Development Loans	274	267. 900
Recreation Association Loans***	1,035	110.510. 460
Rural Development Planning Grants (ADA)	605	19.000. 000
Rural Rehabilitation Loans	3.031. 331	1,015,825,965
Rural Renewal Loans	56	6.550. 300
Special Impact Grants	2	2.700. 000
State Corporation Farm Operating Loans	185. 904	158.964. 394
State Corporation Farm Ownership Loans. Agricultural Credit Loans. Resettlement Projects. Water Utilization and Construction Loans	(Number Not Available)	89.800. 000
Water Facility Loans (Indiv.)	18. 296	29.695. 363
Water/Sewer Comprehensive Planning Grants	1,834	22.293. 387
Discontinued Programs, Total	3.440. 279	$ 9,898,061,490
GRAND TOTALS --	9.991. 307	$151.881.912. 411

*Includes very-low income repair loans.
**Data collection started in 1983.
***Recreation Assn. Loans included in Community Facility Loans since 1974.
****Not included in table 5 cumulative totals.

MAJOR PROGRAM TOTALS BY STATE - FISCAL YEAR 1988
(In Millions of Dollars)

State	FARM PROGRAMS		OUSING PROGRAMS		COMMUNITY SERVICE		BUSINESS & INDUSTRY		OTAL ALL PROGRAMS	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
ALABAMA	481	30.8	1,106	44.8	39	12.7	0	0.0	1,626	88.3
ALASKA	1	0.0	56	3.4	1	0.4	1	2.1	59	5.9
ARIZONA	36	4.3	512	30.5	10	8.3	1	1.5	559	44.6
ARKANSAS	1,408	88.1	1,053	42.6	80	23.3	1	1.4	2,542	155.4
CALIFORNIA	614	66.4	1,628	107.9	28	16.2	1	0.6	2,271	191.1
COLORADO	290	25.7	247	17.5	0	0.0	2	0.7	539	43.9
CONNECTICUT	38	1.8	261	22.1	9	4.9	0	0.0	308	28.8
DELAWARE	36	4.4	82	7.9	2	2.5	0	0.0	120	14.8
FLORIDA	151	9.9	1,169	81.4	30	17.7	0	0.0	1,350	109.0
GEORGIA	793	67.2	1,165	62.4	32	17.5	2	2.8	1,992	149.9
HAWAII	41	2.2	154	10.1	0	0.0	2	1.7	197	14.0
IDAHO	585	50.4	329	11.8	10	2.9	1	0.1	925	65.2
ILLINOIS	1,743	99.7	1,058	47.3	34	13.3	0	0.0	2,835	160.3
INDIANA	565	32.5	592	29.8	31	10.9	0	0.0	1,188	73.2
IOWA	2,484	119.7	983	33.2	38	8.3	0	0.0	3,505	161.1

MAJOR PROGRAM TOTALS BY STATE - FISCAL YEAR 1988
(In Millions of Dollars)

State	FARM PROGRAMS		HOUSING PROGRAMS		COMMUNITY SERVICE		BUSINESS & INDUSTRY		TOTAL ALL PROGRAMS	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
KANSAS	1,227	76.6	399	12.5	11	3.4	1	0.5	1,638	93.0
KENTUCKY	1,230	47.1	1,495	59.5	60	27.8	0	0.0	2,785	134.4
LOUISIANA	2,377	181.4	1,088	62.3	52	12.2	1	0.6	3,518	256.5
MAINE	367	11.1	1,118	71.6	43	20.8	1	0.7	1,529	104.2
MARYLAND	118	9.0	502	33.7	13	12.2	0	0.0	633	54.9
MASSACHUSETTS	104	3.9	780	61.1	22	13.7	0	0.0	906	78.7
MICHIGAN	1,136	78.7	1,576	78.7	21	19.	2	2.3	2,735	178.9
MINNESOTA	1,965	100.8	563	36.6	38	16.	4	4.5	2,570	158.4
MISSISSIPPI	1,274	114.t	2,929	90.7	72	15.	2	1.4	4,277	222.3
MISSOURI	1,047	47.1	1,212	47.4	25	10.	2	8.0	2,286	113.1
MONTANA	401	32.	224	8.	8	3.	1	0.5	634	44.3
NEBRASRA	1,639	98.	377	14.	9	2.	2	0.4	2,027	114.8
NEVADA	36	1.	77	11.	0	0.	0	0.	113	13.5
NEW HAMPSHIRE	59	2.	395	25.	11	3.	0	0.	465	31.0
NEW JERSEY	71	3.	703	39.	14	11.	0	0.	788	54.4

MAJOR PROGRAM TOTALS BY STATE - FISCAL YEAR 1988
(In Millions of Dollars)

State	FARM PROGRAMS Number	FARM PROGRAMS Dollars	HOUSING PROGRAMS Number	HOUSING PROGRAMS Dollars	COMMUNITY SERVICE Number	COMMUNITY SERVICE Dollars	BUSINESS & INDUSTRY Number	BUSINESS & INDUSTRY Dollars	TOTAL ALL PROGRAMS Number	TOTAL ALL PROGRAMS Dollars
NEW MEXICO	197	13.5	472	22.7	1	0.0	0	0.0	670	36.2
NEW YORK	641	27.7	1,241	74.5	56	20.8	2	1.2	1,940	124.2
NORTH CAROLINI	1,064	50.1	1,917	89.0	63	29.8	15	14.2	3,059	183.1
NORTH DAKOTA	2,052	116.1	176	5.9	7	2.2	0	0.0	2,235	124.2
OHIO	773	52.0	1,404	74.2	42	20.4	4	3.3	2,223	149.9
OKLAHOMA	1,378	107.1	669	32.3	28	13.9	4	2.8	2,079	156.1
OREGON	283	24.1	630	30.7	21	8.0	0	0.0	934	62.8
PENNSYLVANIA	831	33.2	1,969	89.5	34	23.7	6	10.5	2,840	156.9
RHODE ISLAND	15	0.9	123	8.6	8	4.9	0	0.0	146	14.4
SOUTH CAROLIN	495	32.2	1,486	60.3	44	19.6	7	6.9	2,032	119.0
SOUTH DAKOTA	713	24.9	245	13.2	16	6.8	1	3.0	975	47.9
TENNESSEE	866	47.9	1,769	81.5	56	16.E	2	1.5	2,693	147.7
TEXAS	2,479	145.2	1,559	73.7	44	20.9	6	10.0	4,088	249.8
UTAH	148	10.4	319	9.1	6	0.7	1	0.8	474	21.0
VERMONT	285	10.1	437	21.6	17	13.2	0	0.4	739	44.9

MAJOR PROGRAM TOTALS BY STATE - FISCAL YEAR 1988
(In Millions of Dollars)

State	FARM PROGRAMS		IOUSING PROGRAMS		OMMUNITY SERVICE		BUSINESS & INDUSTRY		OTAL ALL PROGRAMS	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
VIRGINIA	405	19.0	1,243	67.1	39	19.9	0	0.0	1,687	106.0
WASHINGTON	434	39.2	644	46.2	17	3.9	0	0.0	1,095	a9.3
WEST VIRGINIA	217	8.0	913	33.7	33	22.6	8	8.7	1,171	73.0
WISCONSIN	1,566	125.6	961	49.6	18	6.2	2	2.8	2,547	184.2
WYOMING	188	12.9	230	10.3	3	0.6	0	0.0	421	23.8
PUERTO RICO	367	9.5	1,535	56.9	8	5.9	0	0.0	1,910	72.3
VIRGIN ISLANDS	1	0.0	33	5.6	0	0.0	0	0.0	34	5.6
WEST PACIFIC TERRITORIES	16	0.6	705	6.9	0	0.0	0	0.0	721	7.5
TOTALS	37,731	2320.7	44,513	2168.9	1,304	572.6	85	95.5	83,633	5157.7

(Totals may not add due to rounding.)

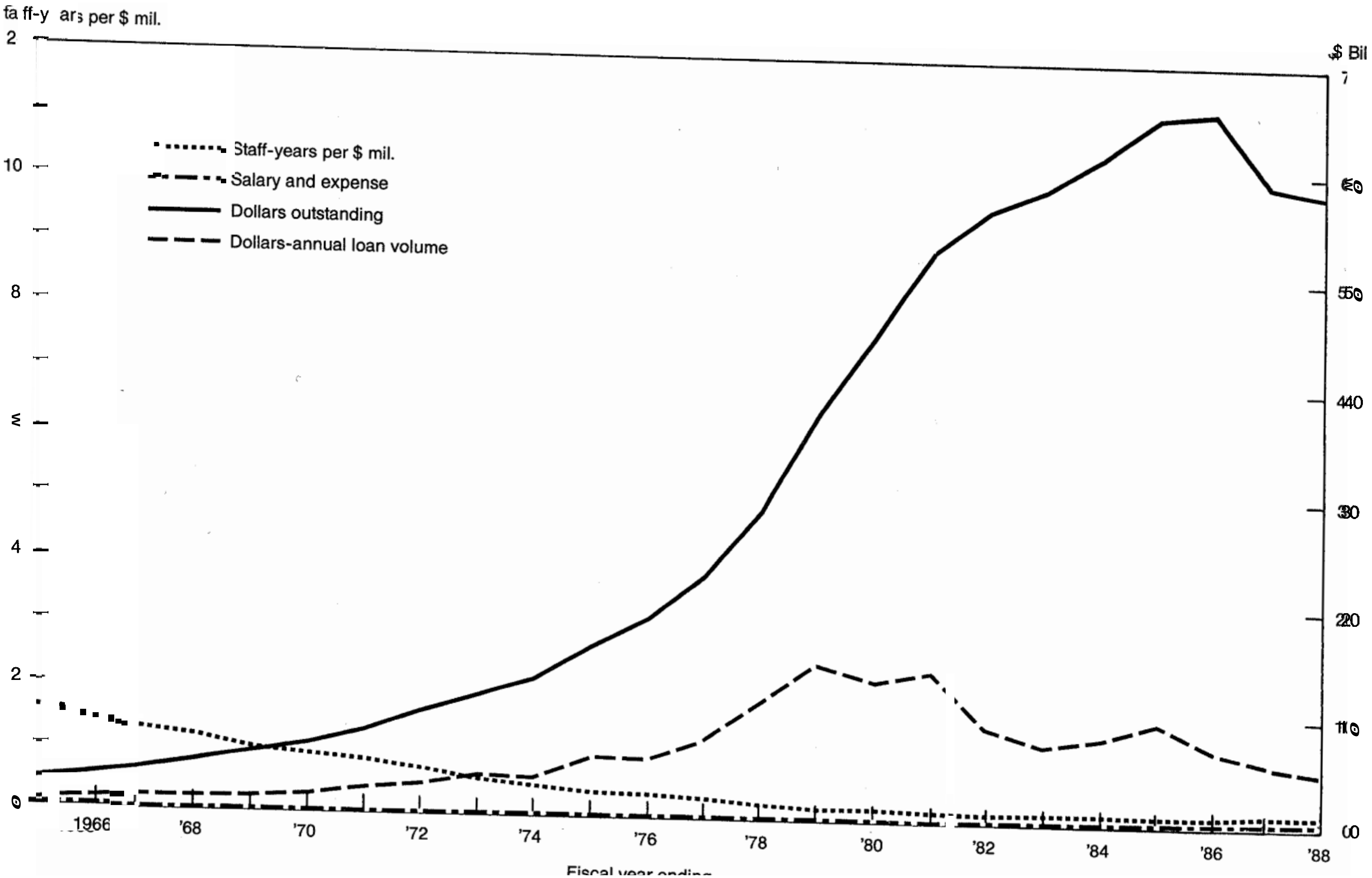
F I G U R E S

A N D

T A B L E S

Figure 1

d G V m d S ff Productivity



*Does not include "guaranteed loans"

Table 1--Loan and grant volume and staff productivity

	*Principal dollars outstanding, end of fiscal year (Billions)	Annual loan and grant volume (Billions)	Total dollars (Billions)	Total staff years	Salaries and expenses (Millions)	Dollars for which one person is responsible (Millions)	Number of staff years for loan processing and servicing per million dollars
1965	2.753	.800	3.553	5,858.0	49.563	.607	1.6
1966	3.221	1.088	4.309	6,590.1	57.826	.654	1.5
1967	3.914	1.390	5.304	7,102.5	62.214	.747	1.3
1968	4.778	1.359	6.137	7,360.1	67.861	.834	1.2
1969	5.552	1.431	6.983	7,271.7	72.354	.960	1.0
1970	6.525	1.639	8.164	7,665.7	86.159	1.065	0.94
1971	7.869	2.414	10.283	8,533.9	103.422	1.205	0.83
1972	9.622	2.789	12.411	8,865.9	113.888	1.400	0.71
1973	11.206	3.750	14.956	8,672.0	121.766	1.725	0.58
1974	12.977	3.591	16.568	8,168.4	128.724	2.029	0.49
1975	15.836	5.466	21.302	8,359.0	142.828	2.548	0.39
1976	18.456	5.393	23.849	8,555.4	158.692	2.788	0.36
1977	22.526	7.236	29.762	9,405.4	187.959	3.164	0.32
1978	29.339	11.089	40.428	10,233.0	227.867	3.951	0.26
1979	37.304	14.602	51.976	10,842.0	254.517	4.794	0.21
1980	44.630	12.966	57.596	11,813.0	288.321	4.876	0.21
1981	52.470	13.975	66.445	12,541.0	322.748	5.298	0.19
1982	56.213	8.778	64.991	11,213.0	327.231	5.796	0.17
1983	58.514	7.314	65.828	11,566.0	356-595	5.692	0.18
1984	61.548	7.997	69.545	12,658.0	390.661	5.494	0.18
1985	65.100	9.512	74.612	12,563.0	412.724	5-940	0.17
1986	65.831	7.001	72.842	12,579.0	424.001	5.791	0.17
1987	58.935	5.781	64.716	12,715.0	449.063	5.090	0.20
1988	57.588	5.159	62.747	12,733.0	476.589	4-928	0.20

* Does not include guaranteed loans.

Figure 2

Report of Loan Collection and Debt Adjustment Activities During the Year

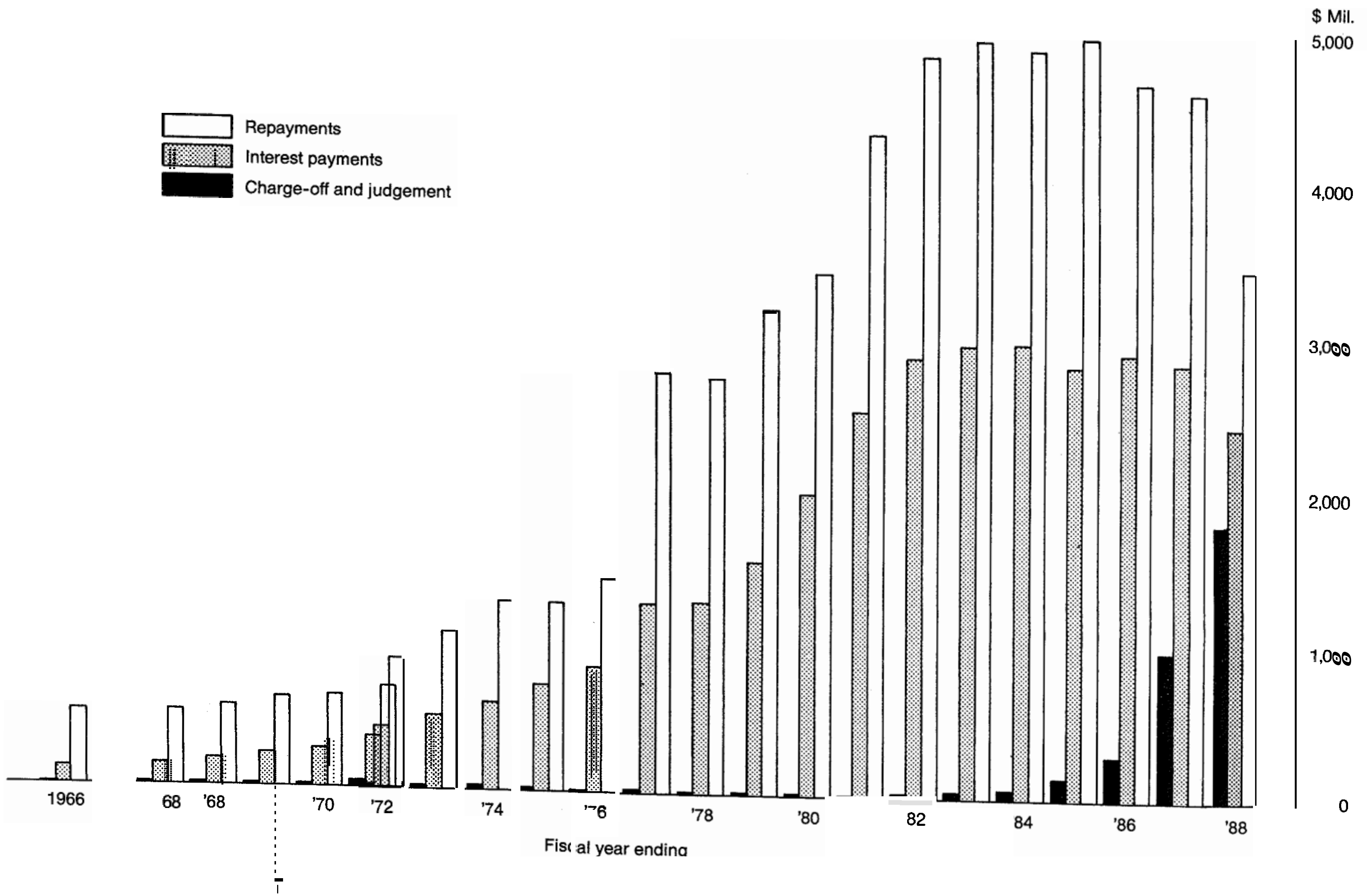
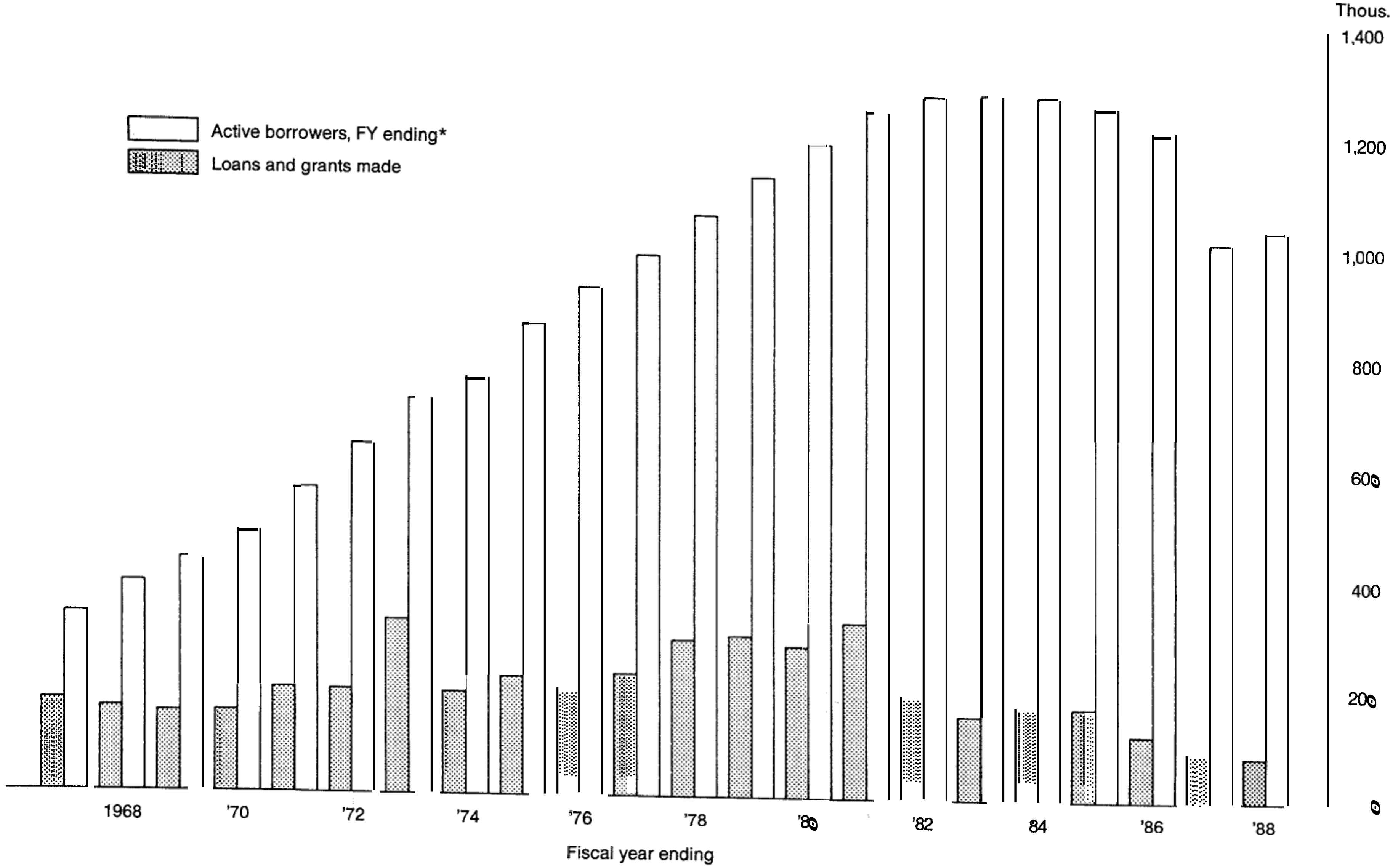


Table 2--Report of loan collection and debt adjustment activities during the year

Fiscal year	Principal repayments (Millions)	Principal chargeoffs and judgments (Millions)	Interest payments (Millions)
1967	503.4	17.9	145.7
1968	539.9	12.5	182.6
1969	599.2	16.1	222.9
1970	610.5	13.7	259.1
1971	671.6	33.8	344.8
1972	859.2	26.3	415.4
1973	1,045.0	19.7	497.9
1974	1,247.1	22.2	589.2
1975	1,244.2	18.5	704.1
1976	1,404.5	9.2	824.6
1977	2,753.6	21.9	1,251.7
1978	2,725.5	14.8	1,268.3
1979	3,173.3	18.1	1,543.1
1980	3,418.9	17.1	1,983.3
1981	4,325.4	7.8	2,522.6
1982	4,838.2	30.8	2,873.1
1983	4,943.8	48.1	2,960.5
1984	4,885.6	71.5	2,971.4
1985	4,961.9	165.6	2,828.9
1986	4,595.3	290.0	2,930.0
1987	4,492.9	974.6	2,850.0
1988	3,450.6	1,823.9	2,432.8

Figure 3

FmHA S



*Guaranteed loans not included.

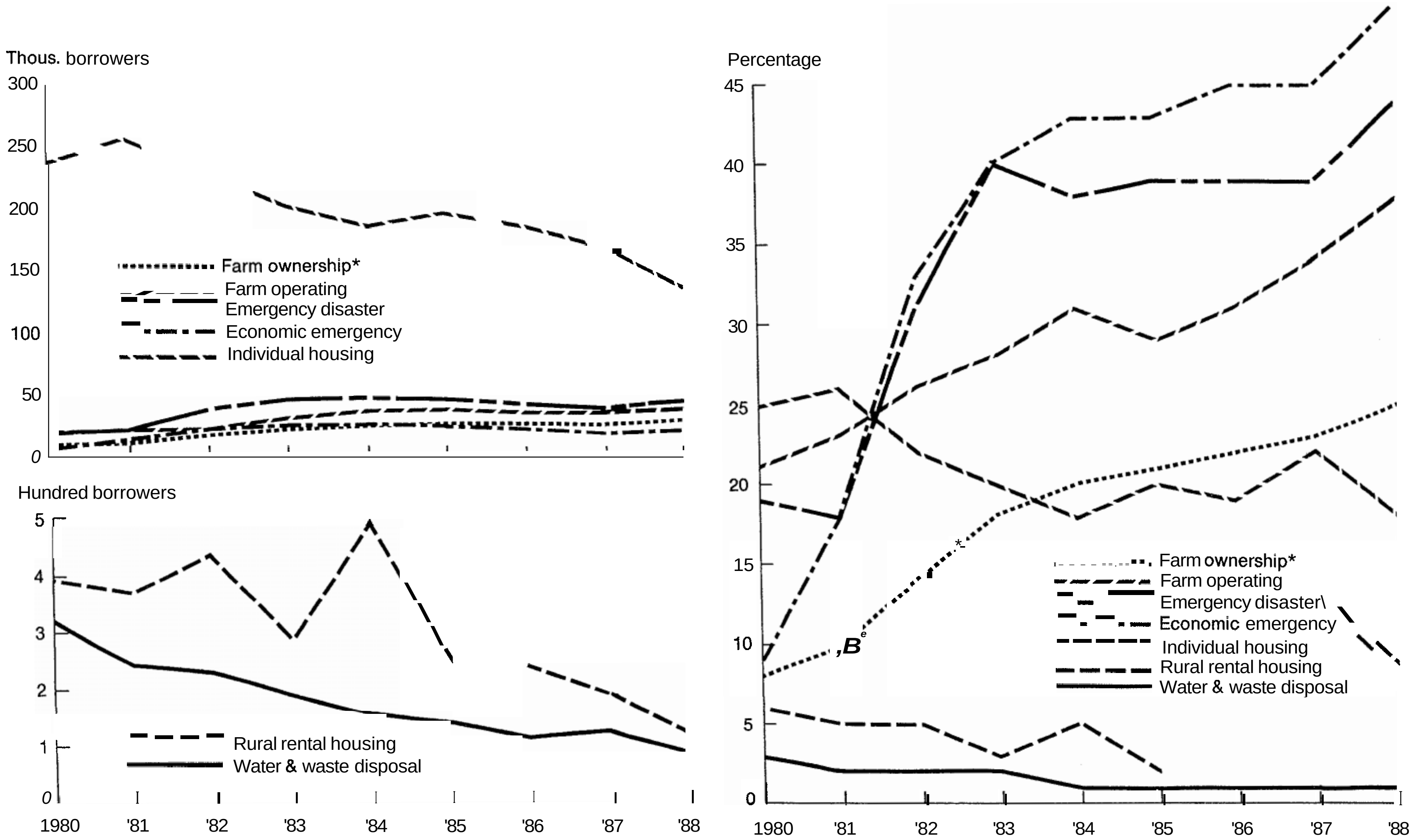
Table 3--FmHA statistics

	Number of active borrowers as of end of fiscal year*			Total number of loans and grants made
	Indiv.	Assoc.	Total	
1968	377,852	5,088	382,945	155,521
1969	418,167	6,233	424,400	148,414
1970	470,267	6,973	477,240	149,407
1971	548,143	7,556	555,699	191,913
1972	627,744	8,151	635,895	190,188
1973	710,980	8,705	719,653	318,587
1974	750,421	9,000	759,421	189,437
1975	844,527	9,997	854,524	216,852
1976	908,723	11,317	920,040	197,949
1977	967,066	12,945	980,011	222,684
1978	1,040,207	14,412	1,054,619	283,696
1979	1,108,353	16,173	1,124,526	294,890
1980	1,167,006	18,235	1,185,241	274,990
1981	1,228,277	19,929	1,248,206	319,045
1982	1,250,433	21,834	1,272,267	190,555
1983	1,252,449	23,271	1,275,720	153,561
1984	1,250,340	24,658	1,274,998	175,895
1985	1,245,512	12,906	1,258,418	170,933
1986**	1,202,723	12,996	1,215,719	121,498
1987**	1,000,268	12,415	1,012,683	94,917
1988	1,012,251	26,131	1,038,382	83,589

* Guaranteed loans not included.
** Excludes Rural Rental Housing borrowers.

Figure 4

Borrowers Delinquent, Major Loan Programs, By Number and Percentage as of September 30



Number of borrowers delinquent as of September 30

Percent of borrowers delinquent as of September 30

*Includes nonfarm enterprise loans.

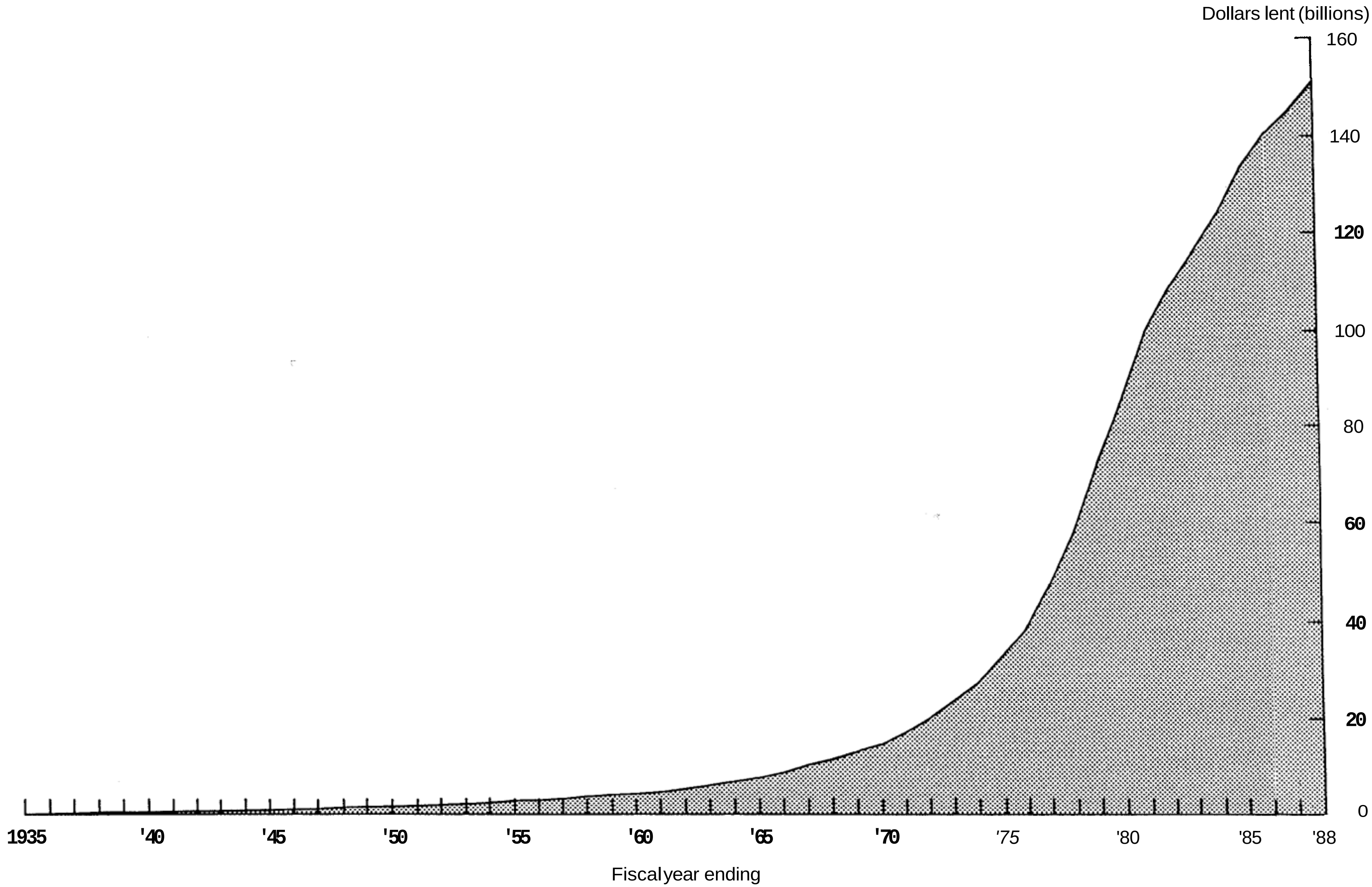
Table 4--Borrowers delinquent, major loan programs, by number and percentage as of September 30

	1981		1982		1983		1984		1985		1986		1987		1988	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Farm Ownership*	11,711	10	17,068	14	22,090	18	25,595	20	26,352	21	27,599	22	26,989	23	28,179	25
Farm Operating	21,442	23	21,511	26	31,355	28	37,286	31	38,385	29	37,242	31	36,516	34	41,871	38
Emergency Disaster	22,338	18	38,556	31	46,714	40	48,17[illegible]	38	47,276	39	43,534	39	40,297	39	43,080	44
Economic Emergency	12,509	18	21,514	33	25,049	40	25,7[illegible]	43	24,245	43	21,612	45	19,483	45	20,481	50
Individual Housing	253,986	26	226,550	22	201,902	20	185,853	18	197,708	20	187,722	19	169,546	22	132,436	18
Rural Rental Housing**	373	5	434	5	288	3	495	5	256	2	**		1,975	13	1,260	9
Water and Waste Disposal	243	2	232	2	192	2	158	1	141	1	115	1	125	1	91	1

* Includes nonfarm enterprise loans.
** Information is not currently available.

Fioure 5

Dollars Loaned and Grants Administered (Cumulative)



Note: Amounts will not equal due to rounding.

Table 5--Dollars loaned and grants administered (cumulative)

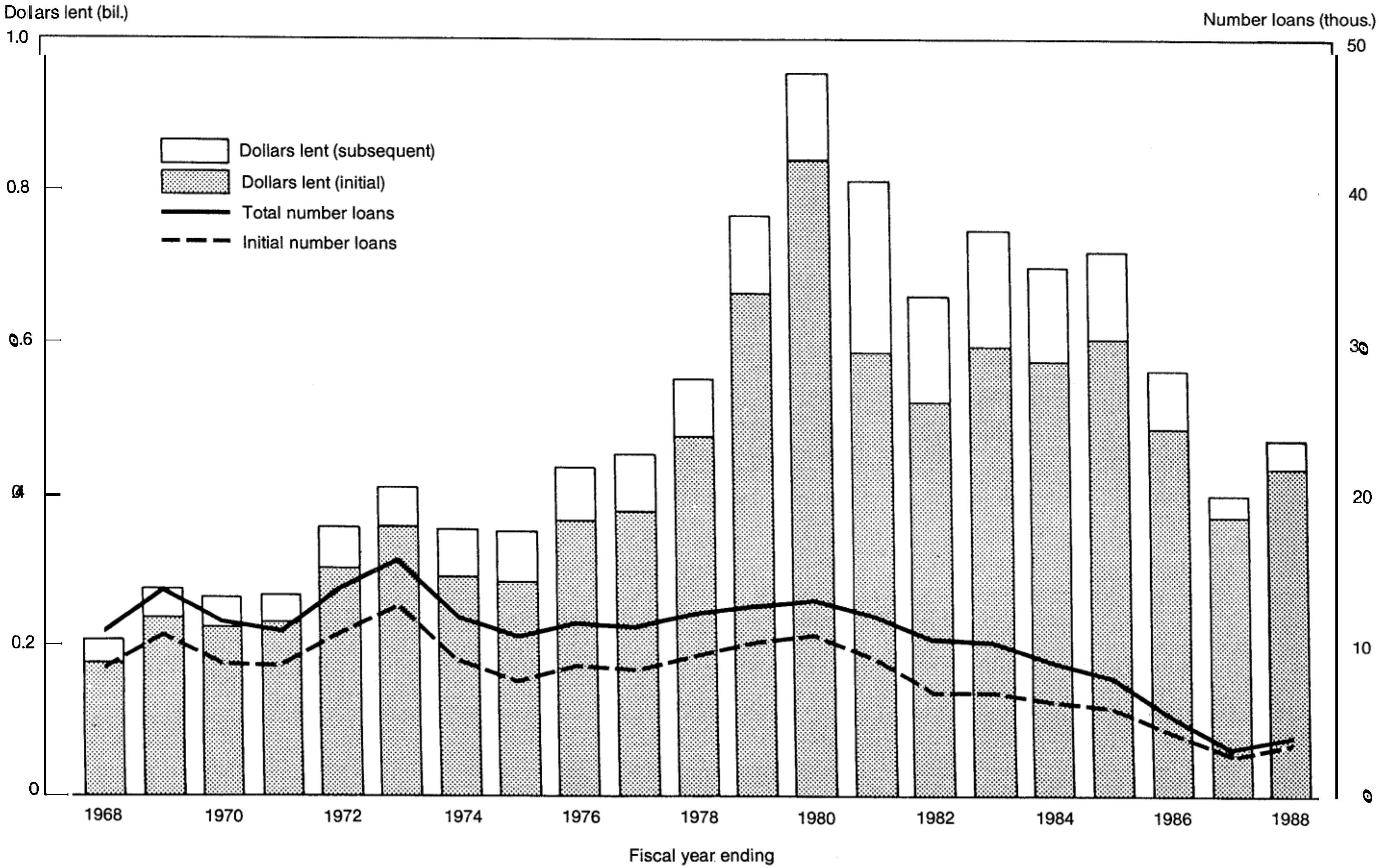
	Farm (Thousands)	Housing (Thousands)	Community (Thousands)	Total dollars" (Thousands)
1935	676			676
1936	76,964			76,964
1937	152,466			152,466
1938	232,770			232,770
1939	376,552			376,552
1940	511,576		2	511,578
1941	677,655		56	677,711
1942	854,019		134	854,153
1943	988,046		149	988,195
1944	1,082,514		149	1,082,663
1945	1,167,454		232	1,167,686
1946	1,295,580		381	1,295,961
1947	1,445,061		501	1,445,562
1948	1,528,128		661	1,528,789
1949	1,646,632		754	1,647,386
1950	1,809,284	18,161	1,013	1,828,457
1951	1,961,699	42,253	1,563	2,005,515
1952	2,152,421	63,408	1,961	2,217,789
1953	2,360,918	82,765	2,800	2,446,484
1954	2,636,422	98,833	3,676	2,738,932
1955	2,928,478	98,833	4,863	3,032,174
1956	3,231,423	102,554	5,835	3,339,812
1957	3,565,721	123,845	6,542	3,696,108
1958	3,861,819	156,911	7,540	4,026,270
1959	4,159,454	217,585	10,859	4,387,899
1960	4,426,742	258,321	11,707	4,696,771
1961	4,746,439	328,662	17,353	5,092,454
1962	5,273,854	425,160	30,856	5,729,870
1963	5,864,145	612,900	49,010	6,526,054
1964	6,428,571	750,243	95,034	7,273,848
1965	7,026,754	885,206	161,965	8,073,925
1966	7,692,062	1,153,755	316,793	9,162,610
1967	8,402,694	1,596,875	554,130	10,553,698
1968	9,040,063	2,089,911	781,816	11,911,789
1969	9,740,957	2,602,000	1,000,757	13,343,714
1970	10,383,687	3,395,835	1,203,942	14,983,463
1971	11,079,895	4,794,932	1,522,952	17,397,779
1972	11,898,367	6,413,709	1,875,510	20,187,585
1973	13,330,329	8,277,018	2,335,172	23,942,520
1974	14,353,648	10,070,346	3,120,000	27,543,994
1975	16,362,179	12,315,226	4,352,679	33,030,084
1976	18,187,039	14,840,862	5,412,773	38,440,675
1976 + TQ**	18,561,883	15,751,596	5,907,085	40,220,565
1977	20,994,914	18,897,401	7,583,784	47,476,099
1978	25,990,776	22,658,749	9,937,676	58,587,201
1979	33,696,244	26,945,340	12,547,252	73,188,836
1980	40,045,519	31,166,003	15,065,002	86,276,524
1981	48,119,358	35,109,573	17,022,630	100,251,561
1982	52,233,221	38,995,501	17,801,056	109,029,778
1983	55,303,948	42,102,223	18,938,102	116,344,273
1984	59,741,919	45,017,021	19,580,426	124,339,366
1985	65,671,301	47,940,830	20,238,900	133,851,031
1986	70,029,242	49,977,124	20,845,672	140,852,039
1987	73,087,828	52,016,347	21,529 008	146,633,184
1988	75,408,559	54,185,332	22,198,222	151,792,113

"Figures do not include $89,800,000 for certain discontinued programs listed on page 21 for all-time totals.

**Transition Quarter (TQ) for change of fiscal year.

Figure 6

Farm Ownership Loan Program: Number of Loans and Dollars Lent*



*Includes direct loan costs. Excludes insured loan costs.

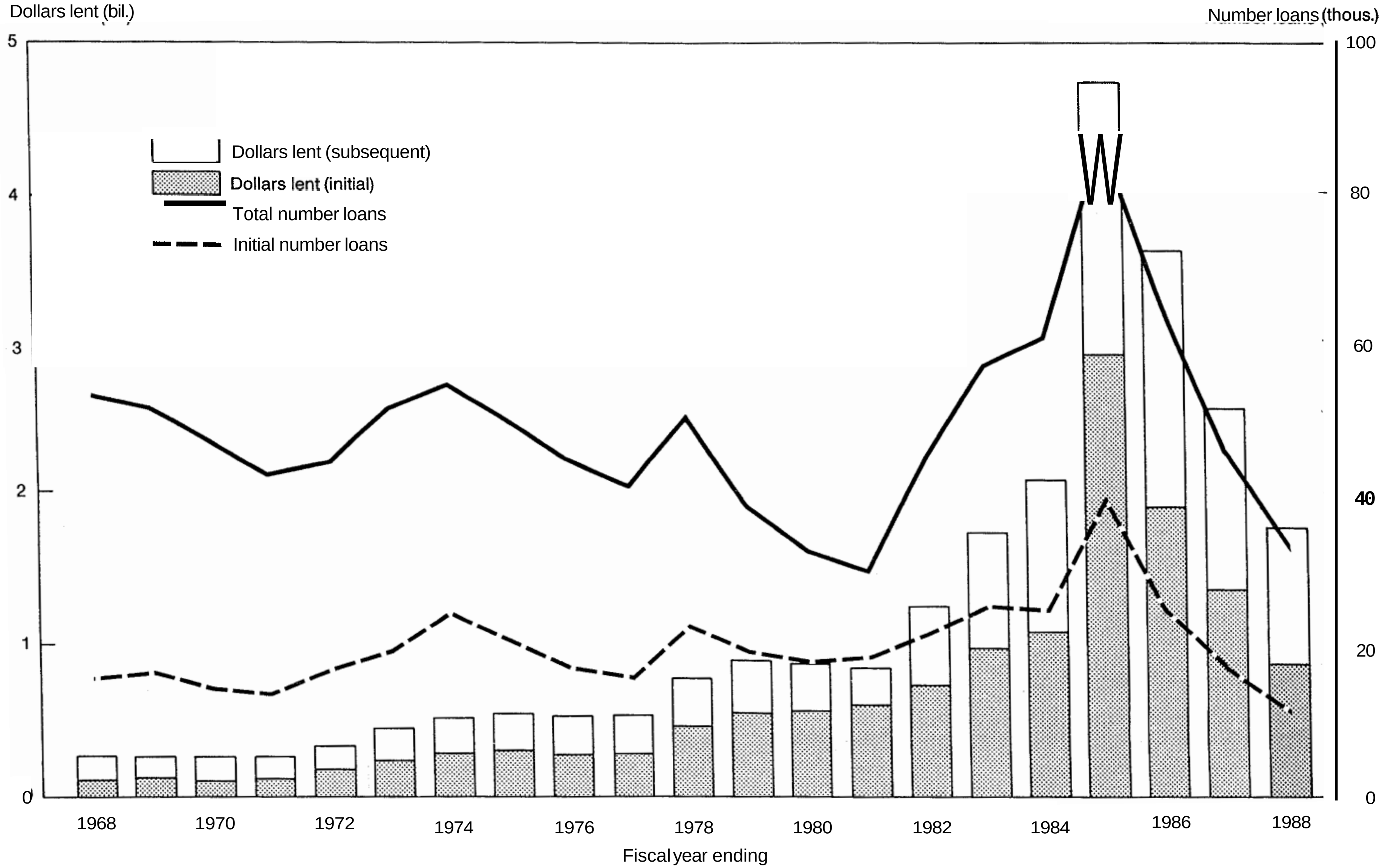
Table 6--Farm ownership loan program:
Number of loans and dollars lent*

	Initial loans		Subseauent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	10,525	$237,047,040	3,177	$40,073,052	13,702	$277,120,092
1970	8,644	222,949,520	2,841	38,547,055	11,491	261,496,575
1971	8,522	230,560,910	2,434	37,875,258	10,956	268,436,168
1972	10,718	302,220,690	3,037	53,541,329	13,755	355,762,019
1973	12,593	356,058,150	2,899	52,059,220	15,492	408,117,370
1974	8,728	291,482,260	3,269	60,679,170	11,997	352,161,430
1975	7,550	286,608,341	3,048	65,024,420	10,598	351,632,761
1976	8,583	367,204,570	2,788	67,800,228	11,371	435,004,798
1977	8,353	378,916,850	2,769	72,323,130	11,122	451,239,980
1978	9,384	474,266,230	2,631	76,580,270	12,015	550,846,500
1979	10,179	667,699,570	2,389	95,465,200	12,568	768,164,770
1980	10,616	842,738,150	2,356	111,313,930	12,972	954,052,080
1981	9,014	588,163,820	2,839	125,121,290	11,853	813,285,110
1982	6,821	520,994,148	3,409	140,609,190	10,230	661,603,338
1983	6,902	593,863,120	3,296	155,716,260	10,198	749,579,380
1984	6,140	574,859,470	2,577	125,836,390	8,717	700,695,860
1985	5,826	605,723,184	2,051	114,795,574	7,877	720,518,758
1986	4,155	487,403,660	1,142	76,002,880	5,297	563,406,540
1987	2,649	370,861,170	384	28,557,200	3,033	399,418,370
1988	3,278	439,741,980	529	37,323,450	3,807	477,065,430

* Includes direct loan costs.
Excludes insured loan costs.

Figure 7

Farm Operating Loan Program: Number of Loans and Dollars Lent*



*Includes direct loan costs. Excludes insured loan costs.

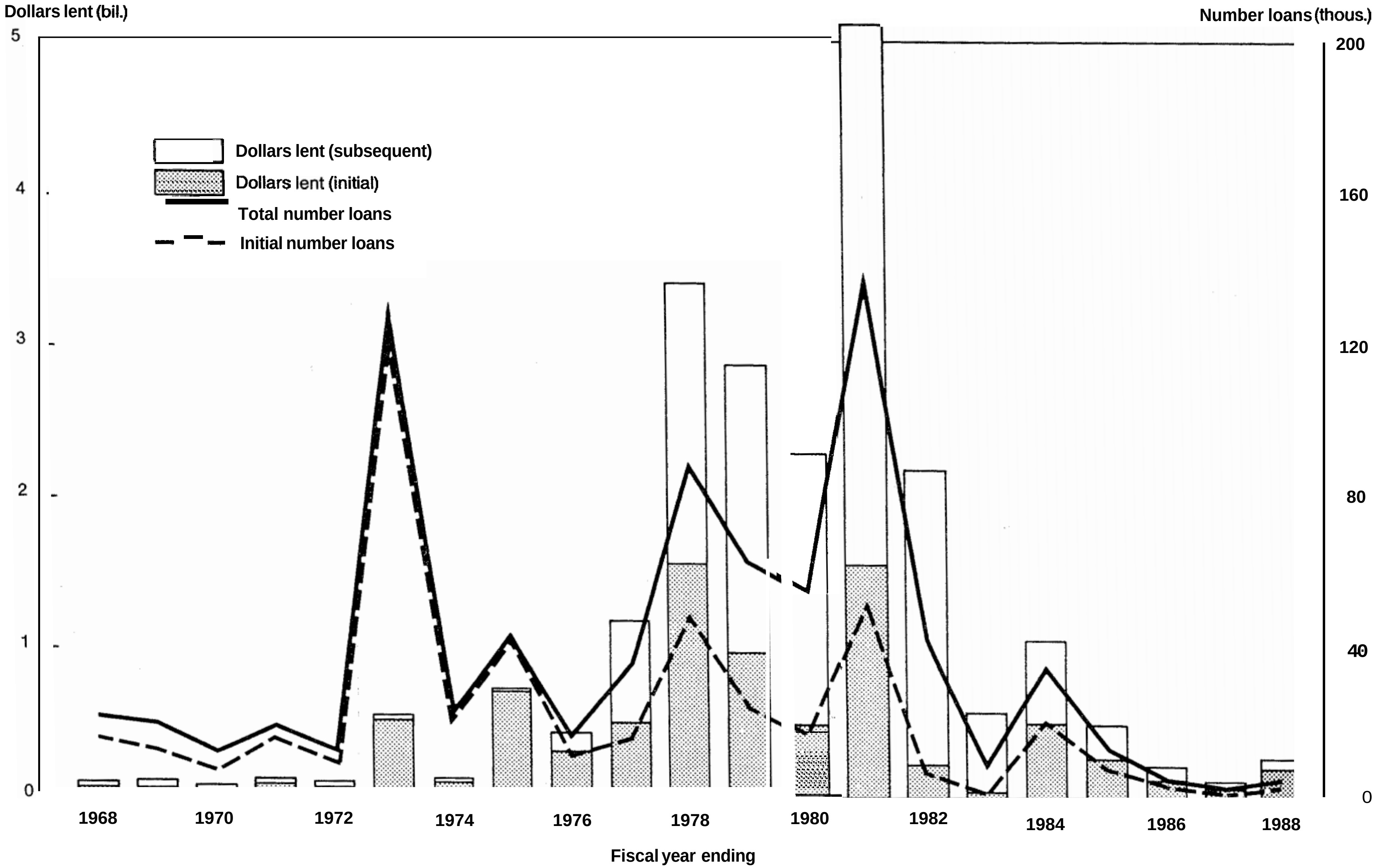
Table 7--Farm operating loan program:
Number of loans and dollars lent*

	Initial loans		Subsequent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	16,234	$127,094,340	34,577	$147,905,630	50,811	$274,999,970
1970	14,247	114,416,920	32,410	160,583,048	46,657	274,999,968
1971	13,635	125,499,360	28,545	149,500,631	42,180	274,999,991
1972	16,649	181,229,350	27,196	156,056,468	43,845	337,285,818
1973	19,172	237,329,750	31,808	217,314,627	50,980	454,644,377
1974	23,965	282,416,201	29,900	242,577,627	53,865	524,993,821
1975	20,560	302,266,678	28,694	248,520,072	49,254	550,786,750
1976	17,172	279,529,768	26,876	259,687,665	44,048	539,217,433
1977	15,709	283,770,260	24,830	258,573,030	40,539	542,343,290
1978	22,176	466,642,040	27,238	323,985,760	49,414	780,627,800
1979	19,079	552,541,730	18,863	342,212,170	37,942	894,753,900
1980	17,568	565,596,300	14,643	309,232,700	32,211	874,829,000
1981	18,157	605,727,550	11,681	241,875,810	29,838	847,603,360
1982	21,310	734,338,846	23,609	516,669,953	44,919	1,251,008,799
1983	25,108	972,214,470	31,452	763,332,830	56,560	1,735,547,300
1984	24,679	1,076,177,220	35,488	994,976,830	60,167	2,071,154,040
1985	39,081	2,903,823,556	47,116	1,802,993,963	86,197	4,706,817,519
1986	24,452	1,900,658,503	39,794	1,669,793,289	64,246	3,570,451,792
1987	17,298	1,364,380,160	28,411	1,174,620,350	45,709	2,539,000,510
1988	11,550	879,677,050	21,470	912,402,110	33,020	1,792,259,160

* Includes direct loan costs.
Excludes insured loan costs.

Figure 8

Emergency Loan Program: Number of Loans and Dollars Lent*



*Includes direct loan costs. Excludes insured loan costs.

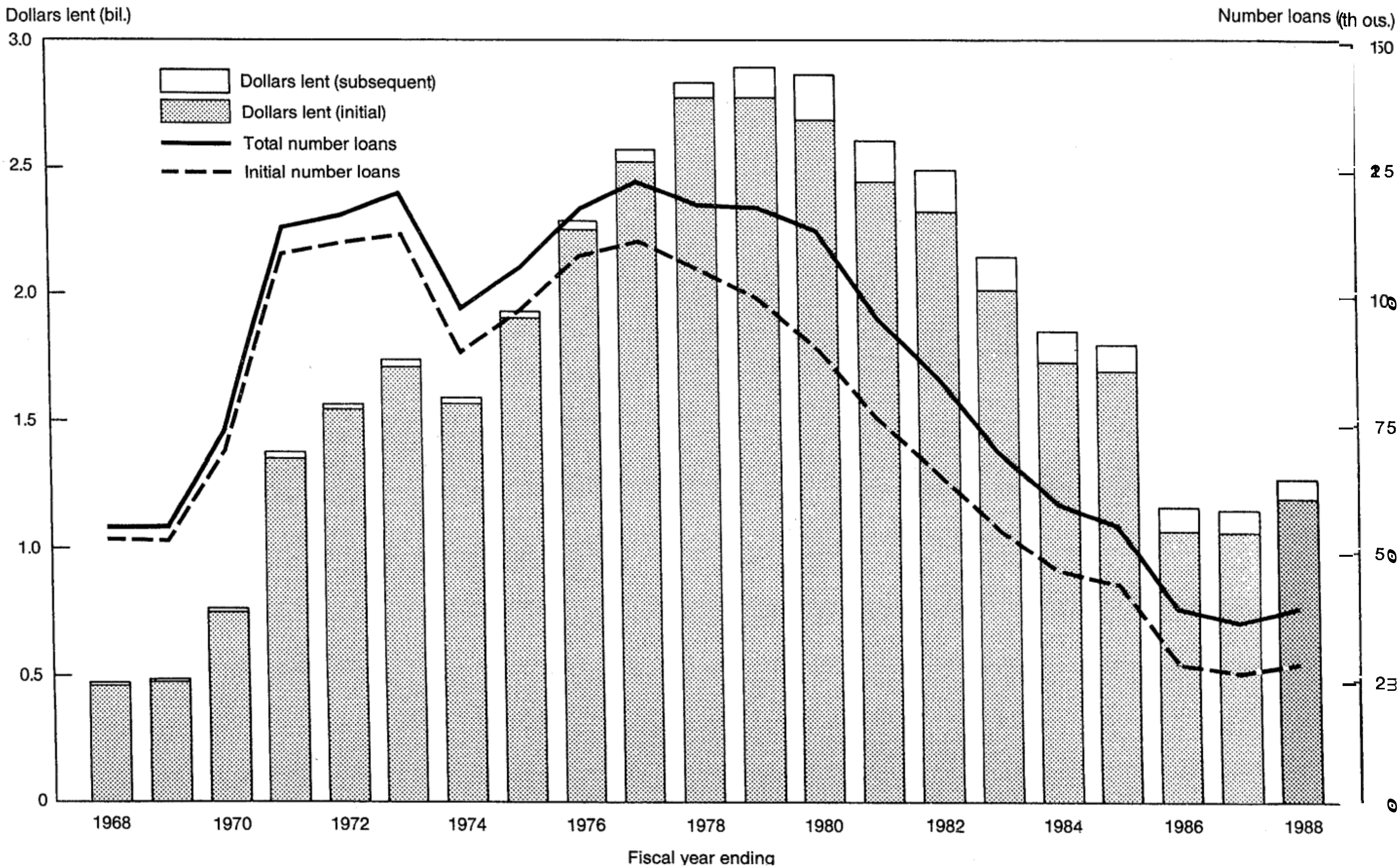
Table 8--Emergency loan program:
Number of loans and dollars lent*

	Initial loans		Subsequent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	13,509	$75,427,940	7,177	$39,288,213	20,686	$114,716,153
1970	7,800	56,364,080	4,978	33,066,080	12,778	89,430,160
1971	16,025	101,216,425	3,779	26,419,481	19,804	127,635,906
1972	9,716	83,420,630	3,263	25,491,179	12,979	108,911,809
1973	124,783	527,727,353	3,884	30,039,242	128,667	557,766,595
1974	22,016	117,361,657	418	10,975,112	22,434	128,336,769
1975	42,976	722,263,783	699	12,756,754	43,675	735,020,537
1976	11,880	321,395,514	4,998	156,316,305	16,878	447,711,819
1977	16,666	515,709,080	19,103	662,678,900	35,769	1,178,387,980
1978	48,166	1,558,223,570	40,953	1,853,584,630	89,119	3,411,808,200
1979	24,838	970,026,080	38,075	1,901,615,680	62,913	2,871,641,760
1980	16,127	473,962,490	38,267	1,792,927,830	54,394	2,266,890,320
1981	51,871	1,550,820,070	87,119	3,561,470,360	138,990	5,112,290,430
1982	6,101	222,528,630	36,762	1,950,883,570	42,863	2,173,412,200
1983	1,027	43,478,210	7,744	522,459,290	8,771	565,937,500
1984	20,437	499,991,230	14,560	551,635,930	34,997	1,051,627,160
1985	8,010	261,187,150	6,050	229,689,488	14,060	490,876,638
1986	3,318	128,380,750	2,266	89,393,280	5,584	217,774,030
1987	1,427	68,566,960	1,121	45,045,940	2,548	113,612,900
1988	358	20,906,300	196	8,984,270	554	29,890,570

* Includes direct loan costs.
Excludes insured loan costs.

Figure 9

Rural Housing 502 and 504 Loans to Individuals: Number of Loans and Dollars Lent*



*Includes direct loan costs. Excludes insured loan costs.

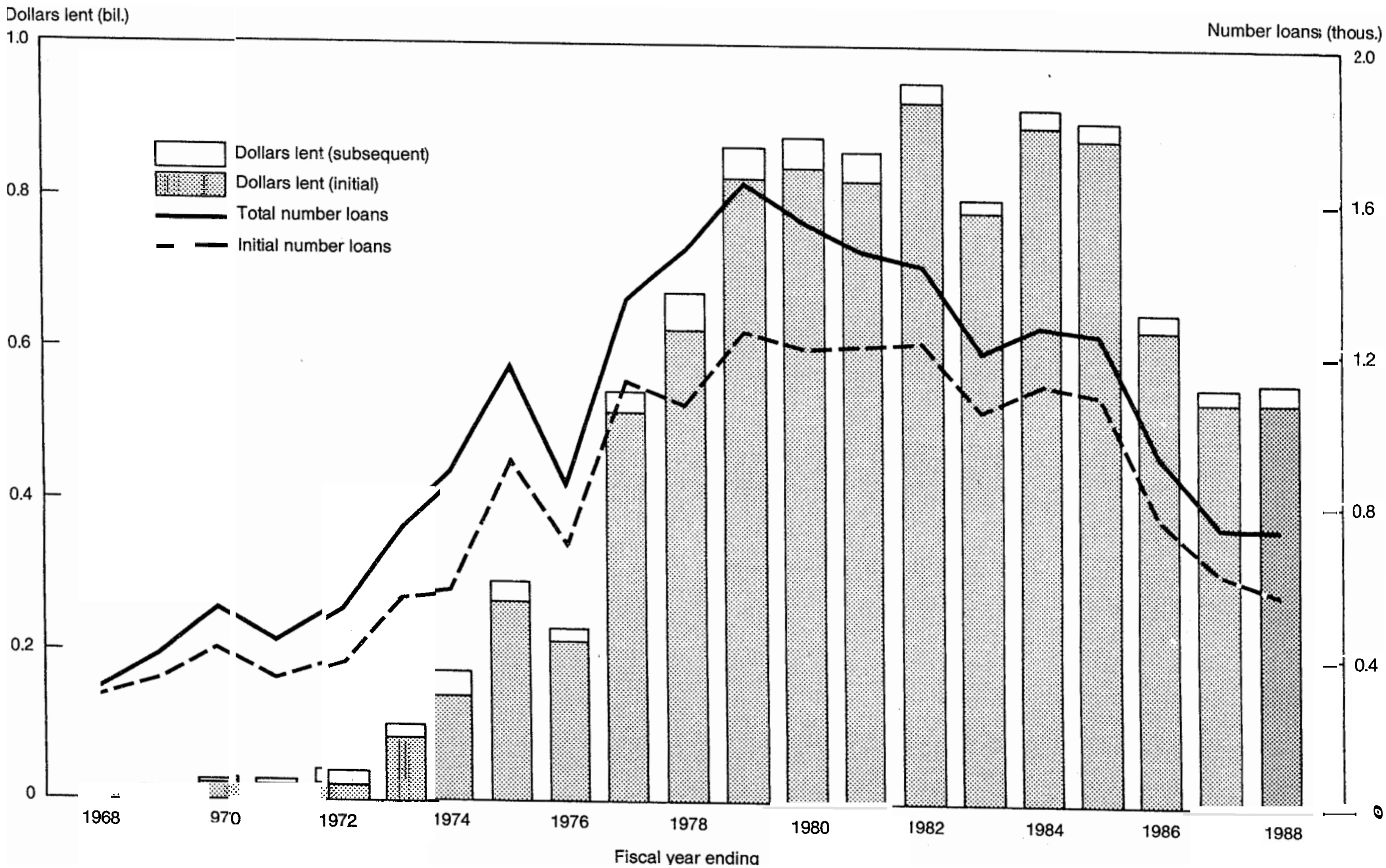
Table 9--Rural housing 502 and 504 loans to individuals:
Number of loans and dollars lent

	Initial loans		Subsequent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	51,560	$480,363,630	2,878	$5,857,314	54,438	$486,220,944
1970	69,423	750,919,400	3,928	10,677,131	73,351	761,596,531
1971	108,188	1,353,830,290	5,276	13,937,662	113,464	1,376,767,952
1972	110,097	1,549,571,250	5,888	17,048,825	115,985	1,566,620,075
1973	111,779	1,712,380,440	8,004	27,875,832	119,783	1,740,256,272
1974	88,728	1,569,628,860	8,278	24,684,069	97,006	1,594,312,929
1975	96,688	1,903,281,940	8,382	28,169,930	105,070	1,931,451,870
1976	107,514	2,256,680,464	9,544	35,892,200	117,058	2,292,572,664
1977	110,543	2,528,014,600	11,534	48,612,460	122,136*	2,576,675,030*
1978	104,869	2,778,813,490	12,000	56,578,350	117,382*	2,703,242,438*
1979	98,987	2,778,813,490	17,423	114,040,970	117,206*	2,893,558,790*
1980	89,181	2,687,208,580	21,709	178,072,090	112,391*	2,866,530,690"
1981	75,002	2,446,551,790	18,212	160,648,300	94,895*	2,608,876,334*
1982	64,728	2,323,295,534	17,319	163,164,721	83,614*	2,488,262,514*
1983	53,913	2,013,224,690	13,842	130,977,150	68,727*	2,145,352,859*
1984	45,536	1,729,388,690	12,950	121,821,120	58,486	1,851,309,810
1985	43,116	1,695,400,169	11,498	102,049,526	54,614	1,797,449,695
1986	27,492	1,065,721,240	11,087	96,617,901	38,579	1,162,339,141
1987	25,779	1,062,929,869	9,799	86,843,715	35,578	1,149,773,584
1988	28,345	1,200,530,499	9,601	77,400,622	37,946	1,278,357,301

* Includes 7,089 weatherization loans for $7,079,670 made between 1977 and 1983.

Figure 10

Rural Rental Housing Program: Number of Loans and Dollars Lent*



*Includes direct loan costs. Excludes insured loan costs.

Table 10--Rural rental housing program:
Number of loans and dollars lent*

	Initial loans		Subsequent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	329	$15,351,280	61 .	$1,983,220	390	$17,334,500
1970	412	24,148,230	98	4,2 92,510	510	28,440,740
1971	325	21,012,400	97	5,776,290	422	26,788,690
1972	372	21,502,910	143	8,614,970	515	40,117,880
1973	546	87,886,880	184	17,175,750	730	105,062,630
1974	562	140,663,110	317	32,650,920	879	173,314,030
1975	903	267,036,590	205	25,319,750	1,153	292,356,340
1976	685	213,992,470	153	17,209,680	838	231,202,150'
1977	1,114	518,017,210	222	26,936,970	1,336	544,954.180
1978	1,056	627,442,260	410	48,502,290	1,466	675,944,550
1979	1,247	827 ,894,470	398	41,614,090	1,645	869,508,560
1980	1,204	841,524,090	335	39,812,050	1,539	881,336,140
1981	1,213	825,921,420	253	38,843,810	1,466	864,765,230
1982	1,220	928,339,980	208	25,327,740	1,428	953,667,720
198.3	1,043	783,730,240	152	18,267,160	1,195	801,997,400
1984	1,109	897,327,330	155	21,674,680	1,264	919,002,010
1985	1,085	880,801,618	156	22,534,750	1,242	903,336,368
1986	758	629,498,4 90	163	22,849,588	921	652,348,078
1987	618	533 ,615,900	126	21,282,908	744	554,898,880
1988	563	529,743,140	159	25,192,140	722	554,935,280

* Includes direct loan costs.
Excludes insured loan cost.

Figure 11

Water and Waste Disposal Loan Program: Number of Loans and Dollars Lent*

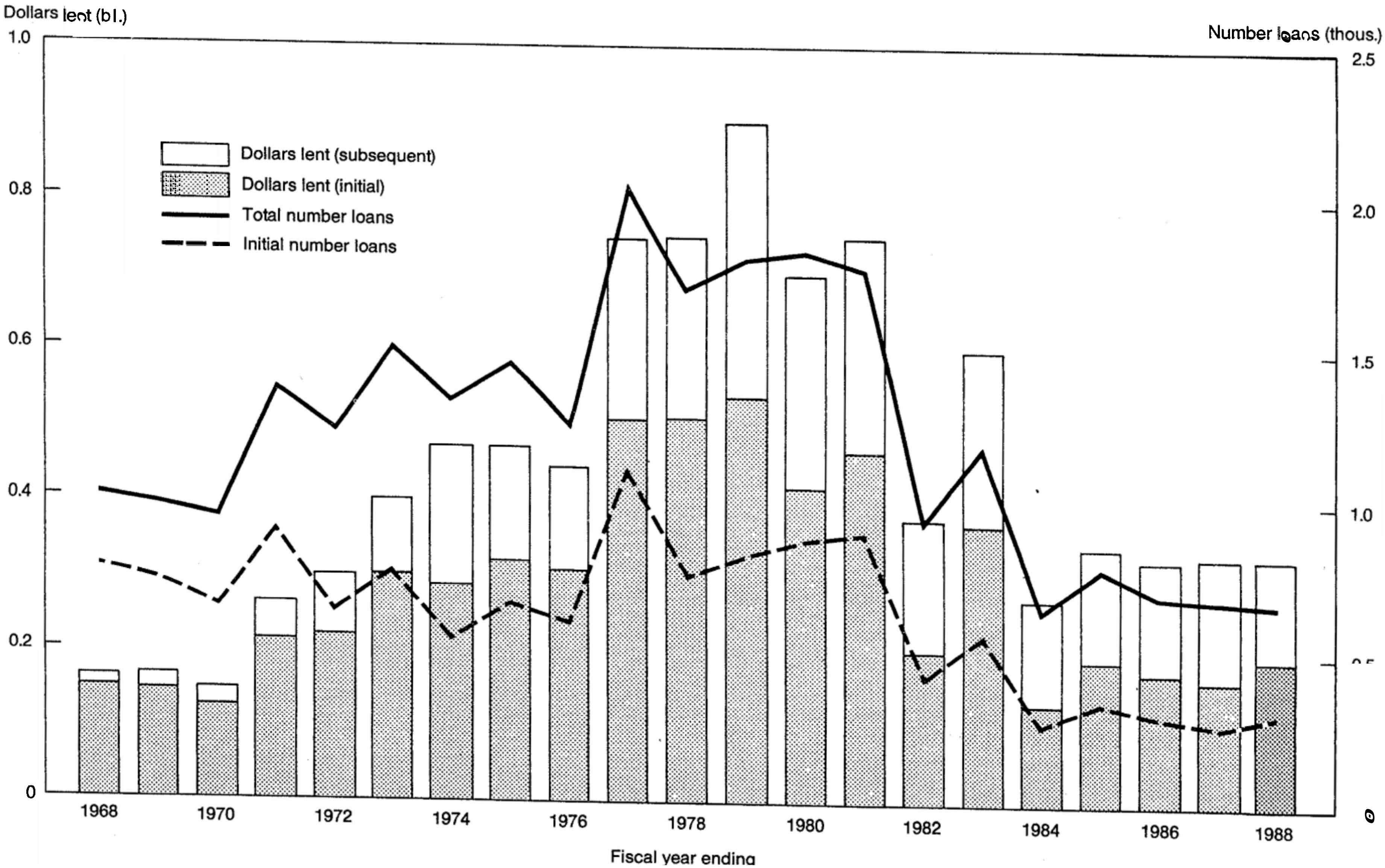


Table 11--Water and waste disposal loan program: Number of loans and dollars lent*

	Initial loans		Subseauent loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount
1969	739	$147,036,310	242	$17,610,850	981	$164,647,160
19'70	647	123,183,450	294	22,847,040	941	146,030,490
1971	899	213,092,800	468	48,611,100	1,367	261,703,900
1972	631	220,777,500	595	79,221,500	1,226	299,999,000
1973	768	300,182,500	734	99,812,300	1,502	399,994,800
1974	546	288,354,157	779	181,644,943	1,325	469,999,100
1975	658	320,188,646	793	149,798,300	1,451	469,986,946
1976	597	308,206,748	648	134,435,086	1,245	442,641,834
1977	1,097	508,238,060	951	240,612,370	2,048	748,850,430
1978	756	509,133,100	946	240,862,700	1,702	749,995,800
1979	823	537,351,830	979	362,648,090	1,802	899,999,920
1980	869	418,664,010	956	281,335,690	1,825	699,999,700
1981	892	466,061,480	876	283,938,500	1,768	749,999,980
1982	423	202,338,450	505	172,661,550	928	375,000,000
1983	558	370,751,900	626	229,248,100	1,184	600,000,000**
1984	259	132,273,600	386	137,726,400	645	270,000,000
1985	343	191,386,700	440	148,613,300	783	340,000,000
1986	291	176,045,700	407	149,334,300	698	325,380,000
1987	267	165,156,280	412	165,223,720	679	330,380,000
1988	303	199,188,320	359	131,191,680	662	330,380,000

* Includes loan costs.
** Includes $225,000,000 under **the** Emergency Jobs Bill in FY 1983.

Figure 12

Community Facility Loan Program: Number of Loans and Dollars Lent

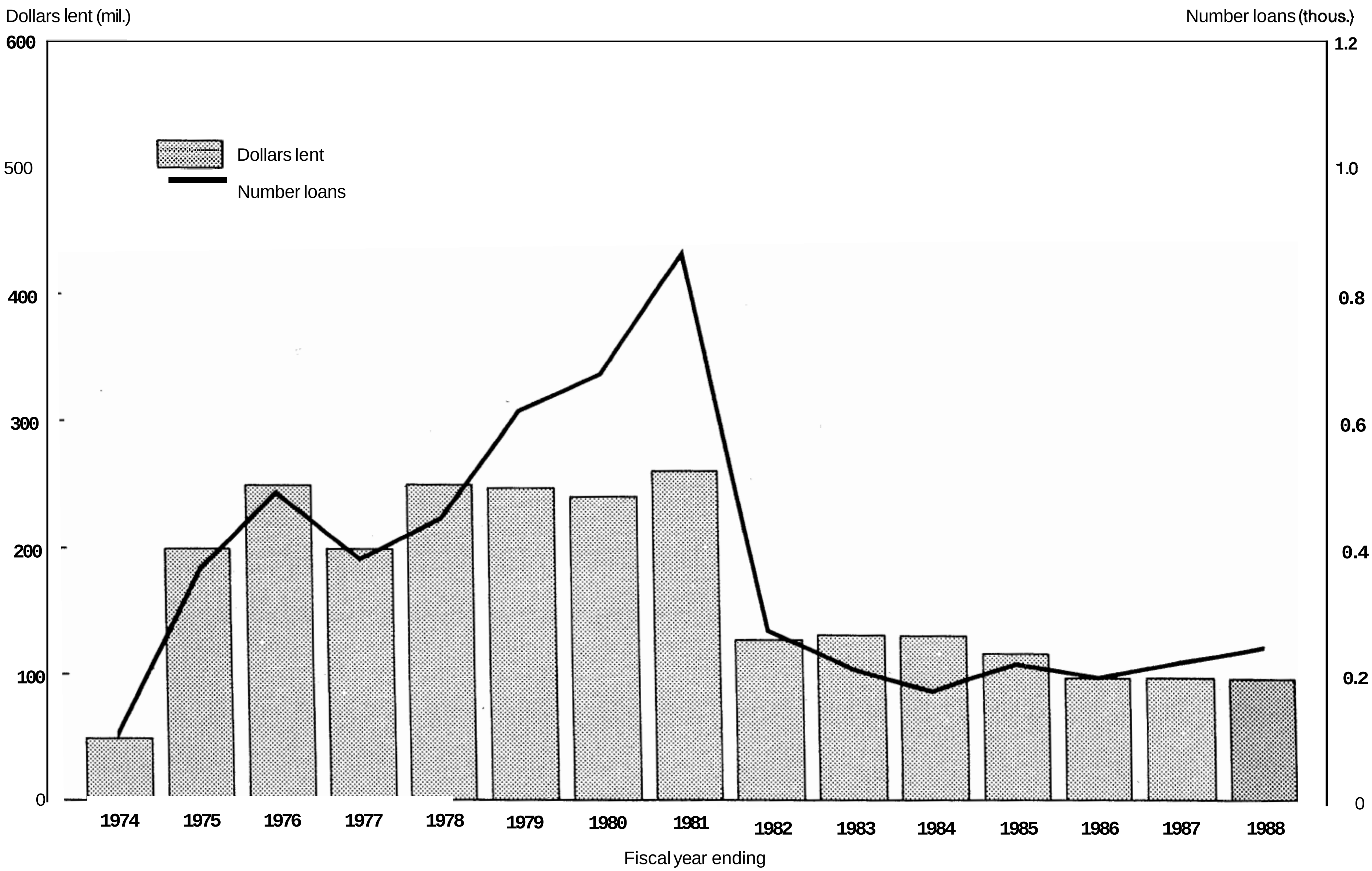


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Table 12--Community facility loan program:
Number of loans and dollars lent

Fiscal Year	Number	Amount
1974	102	$ 49,830,700
1975	359	199,998,000
1976 + TQ*	485	249,995,600
1977	382	199,980,800
1978	447	249,997,000
1979	615	246,998,620
1980	674	240,000,000
1981	862	260,000,000
1982	267	126,191,250
1983	208	1~30,000,000
1984	1'73	129,998,500
1985	214	115,000,000
1986	192	95,700,000
1987	21.7	95,700,000
1988	234	95,700,000

* Transition Quarter (TQ) for change of fiscal year.

Figure 13

Business and Industrial Development Loan Program: Number of Loans and Dollars Lent

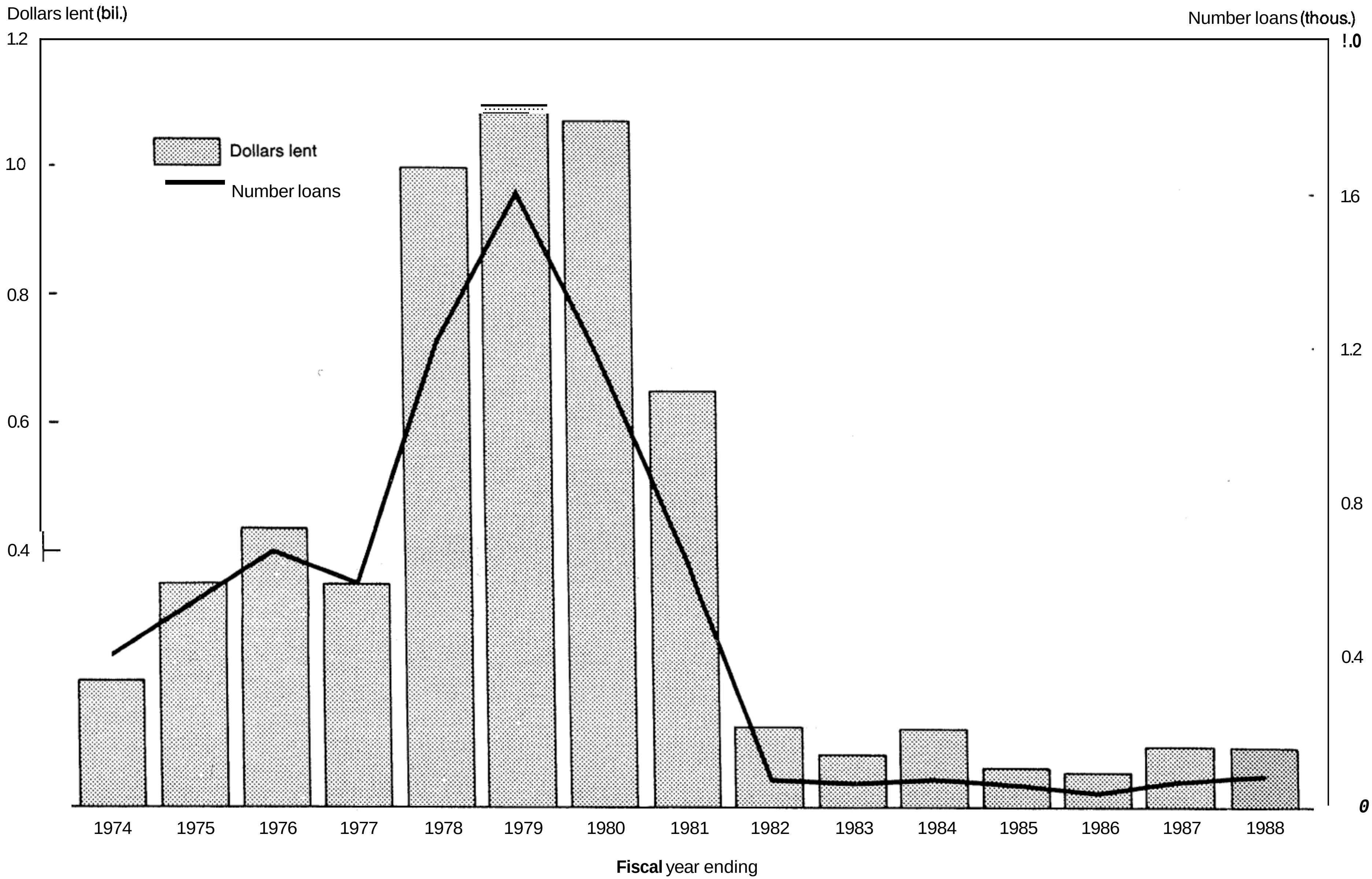

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Table 13--Business and industrial development loan program: Number of loans and dollars lent

Fiscal Year	Number	Amount:
1974	399	$ 199,980,545
1975	538	349,994,173
1976 & TQ*	663	437,498,741
1977	584	349,987,010
1978	1,213	999,978,030
1979	1,609	1,097,376,903**
1980	1,160	1,073,766,920
1981	638	652,280,250
1982	74	125,077,575
1983	64	81,911,810
1984	75	124,352,250
1985	54	61,337,500
1986	37	54,802,600
1987	67	95,699,770
1988	85	95,415,000

* Transition Quarter (TQ) for change of fiscal year.

** Percentage guaranteed was charged against budget authority rather than total amount of loan guaranteed

FmHA State Office Locations

Alabama
Room 717, Aronov Building
474 South Court Street
Montgomery, AL 36104

Alaska
634 South Bailey
Suite 102
Palmer, AK 99645

Arizona
201 E. Indianola
Suite 275
Phoenix, AZ 85012

Arkansas
Room 5529, Federal Building
700 W. Capitol, P.O. Box 2778
Little Rock, AR 72203

California
194 West Main Street
Suite F
Woodland, CA 95695

Colorado
Room 231, 2490 West 26th Avenue
Denver, CO 80211

Delaware-Maryland
2319 South Dupont Highway
Dover, DE 19901

Florida
401 S.E. 1st Avenue
Room 214, Federal Building
P.O. Box 1088
Gainesville, FL 32601-6805

Georgia
Stephens Federal Building
355 E. Hancock Avenue
Athens, GA 30610

Hawaii
Room 311, Federal Building
154 Waianuenue Avenue
Hilo, HI 96720

Idaho
3232 Elder Street
Boise, ID 83705

Illinois
Illini Plaza-Suite 103
1817 S. Neil Street
Champaign, IL 61820

Indiana
5975 Lakeside Boulevard
Indianapolis, IN 46278

Iowa
Room 873, Federal Building
210 Walnut Street
Des Moines, IA 50309

Kansas
Room 176, 444 S.E. Quincy Street
Topeka, KS 66683

Kentucky
333 Waller Avenue
Lexington. KY 40504

Louisiana
3727 Government Street
Alexandria, LA 71302

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USDA Office Building
Orono, ME 04473

Mass.-Rhode Island-Conn.
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Amherst, MA 01002

Michigan
Room 209, 1405 South Harrison Road
East Lansing, MI 48823

Minnesota
410 Farm Credit Building
375 Jackson Street
St. Paul, MN 55101

Mississippi
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Jackson, MS 39269

Missouri
555 Vandiver Drive
Columbia, MO 65202

Montana
Room 210, Federal Building
10 East Babcock Street
P.O. Box 850
Bozeman, MT 59771

Nebraska
Room 308, Federal Building
100 Centennial Mall N
Lincoln, NE 68508

New Jersey
Suite 100, 100 High Street
Mt. Holly, NJ 08060

New Mexico
Room 3414, Federal Building
517 Gold Avenue, SW
Albuquerque, NM 87102

New York
Room 871, James Hanley Federal Building
100 South Clinton Street
Syracuse, NY 13260

North Carolina
4405 Bland Road – Suite 252
Raleigh, NC 27609

North Dakota
Room 208, Federal Building
Third and Rosser
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Bismarck, ND 58502

Ohio
200 North High Street
Columbus, OH 43215

Oklahoma
USDA Agricultural Center Building
Stillwater, OK 74074

Oregon
Room 1590, Federal Building
1220 S.W. 3rd Avenue
Portland, OR 97204

Pennsylvania
Room 730, Federal Building
P.O. Box 905
Harrisburg, PA 17108

Puerto Rico
Room 501
New San Juan Center Building
159 Carlos Chardon Street
Hato Rey, PR 00918

South Carolina
Room 1007,
Strom Thurmond Federal Building
1835 Assembly Street
Columbia, SC 29201

South Dakota
Room 308, Huron Federal Building
200 4th Street, SW
Huron, SD 57350

Tennessee
538 Federal Building
801 Broadway
Nashville, TN 37203

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Suite 102, Federal Building
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Temple, TX 76501

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125 South State Street
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400 North Eighth Street
P.O. Box 10106
Richmond, VA 23240

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Room 319, Federal Building
P.O. Box 2427
Wenatchee, WA 98807

Wisconsin
1257 Main Street
Stevens Point, WI 54481

West Virginia
75 High Street
P.O. Box 678
Morgantown, WV 26505

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Room 1005, Federal Building
100 East B
P.O. Box 820
Casper, WY 82602